

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

YEAR ENDED JUNE 30, 2008

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008

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October 7, 2008

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Manton Consolidated Schools
Manton, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Manton Consolidated Schools, Manton, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Manton Consolidated Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Manton Consolidated Schools, Manton, Michigan, as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 7, 2008, on our consideration of Manton Consolidated Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through ix and 27 and 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manton Consolidated Schools, Manton, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANTON CONSOLIDATED SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2008

Manton Consolidated Schools, a K-12 school district is located in Wexford, Missaukee and Grand Traverse Counties, Michigan has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management’s Discussion and Analysis, is intended to be the Manton Consolidated Schools administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, school districts’ major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds which include Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years’ debt service are not recorded in the fund financial statements.

B. Government-wide Financial Statements

The government-wide financial statements, required by GASB 34, are calculated using full accrual accounting and more closely represent those presented by business and industry. The District’s entire assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal year ended June 30:

MANTON CONSOLIDATED SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2008

| Assets | <u>2008</u> | <u>2007</u> |
|---|-----------------------------|-----------------------------|
| Current Assets | \$ 3,358,226 | \$ 2,767,810 |
| Non Current Assets | | |
| Capital Assets | 16,617,290 | 16,531,052 |
| Less Accumulated Depreciation | <u>(4,293,916)</u> | <u>(3,796,790)</u> |
| Total Non Current Assets | <u>12,323,374</u> | <u>12,734,262</u> |
| Total Assets | <u><u>\$ 15,681,600</u></u> | <u><u>\$ 15,502,072</u></u> |
| Liabilities | | |
| Current Liabilities | \$ 3,353,599 | \$ 3,330,010 |
| Non Current Liabilities | <u>8,803,666</u> | <u>9,407,240</u> |
| Total Liabilities | <u>12,157,265</u> | <u>12,737,250</u> |
| Net Assets | | |
| Invested in Capital Assets Net of Related Debt | 3,535,198 | 3,546,608 |
| Restricted for Debt Service | 156,335 | 177,375 |
| Unrestricted | <u>(167,198)</u> | <u>(959,161)</u> |
| Total Net Assets | <u>3,524,335</u> | <u>2,764,822</u> |
| Total Liabilities and Net Assets | <u><u>\$ 15,681,600</u></u> | <u><u>\$ 15,502,072</u></u> |

D. Analysis of Financial Position

During the fiscal year ended June 30, 2008, the District's net assets increased by \$759,513. A few of the more significant factors affecting net assets during the year are discussed below:

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2008, \$497,126 was recorded for depreciation expense.

MANTON CONSOLIDATED SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2008, \$86,238 of expenditures were capitalized and recorded as capital assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, retired capital assets and the current year's depreciation is a decrease to net capital assets in the amount of \$410,888 for the fiscal year ended June 30, 2008.

E. Results of Operations

For the fiscal year ended June 30, the results of operations, on a District-wide basis, were:

| | 2008 | | 2007 | |
|----------------------------|--------------|------------|--------------|------------|
| | Amount | % of Total | Amount | % of Total |
| General Revenues | | | | |
| Property Taxes | \$ 1,592,793 | 15.85% | \$ 1,471,959 | 14.89% |
| Investment Earnings | 12,583 | 0.13% | 32,635 | 0.33% |
| State Sources | 6,762,377 | 67.31% | 6,885,686 | 69.66% |
| Other | 36,826 | 0.37% | 66,683 | 0.67% |
| Total General Revenues | 8,404,579 | 83.65% | 8,456,963 | 85.56% |
| Program Revenues | | | | |
| Charges for Services | 163,225 | 1.62% | 155,024 | 1.57% |
| Operating Grants | 1,479,459 | 14.72% | 1,272,562 | 12.87% |
| Total Program Revenues | 1,642,684 | 16.35% | 1,427,586 | 14.44% |
| Total Revenues | 10,047,263 | 100.00% | 9,884,549 | 100.00% |
| Expenses | | | | |
| Instruction | 5,012,842 | 53.97% | 5,668,406 | 56.00% |
| Supporting Services | 2,697,669 | 29.05% | 2,941,807 | 29.06% |
| Food Service Activities | 428,623 | 4.61% | 373,088 | 3.69% |
| Athletic Activities | 208,668 | 2.25% | 265,375 | 2.62% |
| Community Services | 44,047 | 0.47% | 49,118 | 0.49% |
| Interest on Long-Term Debt | 377,919 | 4.07% | 305,318 | 3.02% |
| Other Transactions | 20,856 | 0.22% | 17,516 | 0.17% |
| Unallocated Depreciation | 497,126 | 5.35% | 501,793 | 4.96% |
| Total Expenses | 9,287,750 | 100.00% | 10,122,421 | 100.00% |
| Change in Net Assets | \$ 759,513 | | \$ (237,872) | |

MANTON CONSOLIDATED SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2008

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenses are discussed in the segments below:

1. Property Taxes

The District levies 18.00 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2007-2008 fiscal year, the District levied \$730,236 in non-homestead property taxes. This represented an increase of 6.6% from the prior year. The amount of unpaid property taxes at June 30, 2008, was \$1,122.

The following table summarizes the non-homestead property tax levies for operations for the past three years:

| <u>Fiscal Year</u> | <u>Non-Homestead Tax Levy</u> |
|--------------------|-----------------------------------|
| 2007-2008 | \$730,236 |
| 2006-2007 | \$685,227 |
| 2005-2006 | \$660,154 |

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2007-2008 fiscal year, the District received \$7,204 per student FTE.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past three fiscal years:

| <u>Fiscal Year</u> | <u>Blended Student FTE</u> |
|--------------------|--------------------------------|
| 2007-2008 | 1,067 |
| 2006-2007 | 1,087 |
| 2005-2006 | 1,081 |

MANTON CONSOLIDATED SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2008

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2008, federal, state, and other grants accounted for \$1,479,459.

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2007-2008 fiscal year, the District amended the General Fund budget in August, December, and June. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget and actual totals from operations:

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> |
|---------------------------------------|----------------------------|-------------------------|---------------------|
| Total Revenues | <u>\$ 8,862,047</u> | <u>\$ 8,720,748</u> | <u>\$ 8,712,990</u> |
| <u>EXPENDITURES</u> | | | |
| Instruction | \$ 5,578,551 | \$ 5,201,231 | \$ 5,150,116 |
| Supporting Services | 2,965,245 | 2,765,367 | 2,697,270 |
| Community Services | 48,496 | 48,887 | 44,874 |
| Other Transactions | <u>69,755</u> | <u>61,250</u> | <u>60,473</u> |
| Total Expenditures | <u>\$ 8,662,047</u> | <u>\$ 8,076,735</u> | <u>\$ 7,952,733</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers Out | \$ (200,000) | \$ (170,962) | \$ (183,506) |
| Sale of School Property | 0 | 1,600 | 1,600 |
| Loan Proceeds | <u>0</u> | <u>25,552</u> | <u>25,551</u> |
| Total Other Financing Sources (Uses) | <u>\$ (200,000)</u> | <u>\$ (143,810)</u> | <u>\$ (156,355)</u> |

H. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2008, the District has \$16,617,290 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of \$86,238 over the prior fiscal year. Depreciation expense for the year amounted to \$497,126 bringing the accumulated depreciation to \$4,293,916 as of June 30, 2008.

MANTON CONSOLIDATED SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2008

2. Long-Term Debt

At June 30, 2008, the District had \$8,627,751 in bonded debt outstanding. This represents a reduction of \$380,000 from the amount outstanding at the close of the prior fiscal year. In addition, the District has \$373,200 in installment note debt outstanding. This represents an decrease of \$34,929 from the amount outstanding at the close of the prior fiscal year. The District also owes \$253,716 to the School Bond Loan Fund.

I. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- No Child Left Behind (NCLB) legislation requires Districts to notify parents of the Adequate Yearly Progress (AYP) in each of the school buildings. The AYP is determined by the number of students in each building who earn a score on the Michigan Education Assessment Program (MEAP) test by meeting the standards or exceeding the standards of the test. All three of our buildings achieved Adequate Yearly Progress during the 2007-08 school year and are NCA accredited. The Michigan Report Card on schools indicated that the High School received a B, Middle School received an A, and Elementary School received a B.
- The financial components of the contract with the Manton Education Association and the Manton Support Personnel Association expired at the end of the 2007-2008 school year. Negotiations on the financial components for the Manton Education Association and Support Personnel are in process. The contractual language has been negotiated through June 30, 2010, with fringe benefits and salaries negotiated annually
- The Manton Consolidated School District continues a cooperative agreement with Saint Ann Catholic School and Heritage Christian School of Cadillac to provide physical education, art, and music for the students of Saint Ann's and Heritage Christian School. Within this arrangement, Manton is allowed to claim partial Foundation Allowance for each of the students taught on a proration basis.
- Bus payments and maintenance have been reduced through a lease agreement. A newer fleet of buses, which are three years old or less, shall reduce maintenance costs. All ten buses are larger capacity buses, which will assist with fewer routes District-Wide. Listed are the number of years of the buses: three are 2005's, and seven are 2007's.
- The Manton Consolidated Schools received the Michigan School Readiness Program funding, which provided programming for thirty-six (36) children. The Michigan State Department of Education approved the District's application. Manton Consolidated Schools offered half day/four days weekly pre-school for four (4) year old students along with providing transportation for the children enrolled in the all day/every day Head Start program during the 2007-2008 school year. The MSRP will continue for the 2008-2009 School Year dependent on State funding.

MANTON CONSOLIDATED SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2008

- The District, in cooperation with the Buckley Community and Mesick Consolidated Schools, has supported the position of a Community Liaison Officer through the Wexford County Sheriff's Department. Deputy Jeff Norman has served as a liaison to help support the administration and staff with students who may be experiencing difficulties. In addition, Deputy Norman has implemented D.A.R.E. and Junior Police classes along with speaking to classes about legal issues.
- The District saw no General Fund transfer into the Lunch Fund for the 2007-2008 school year. This is a budgetary area in which the District should monitor to ensure financial responsibility. In 2007-2008 the District continued to utilize Chartwells Food Service Director and management.
- The Athletic Budget is another fund that is being monitored closely as state funds in other areas have been reduced state-wide. In 2007-2008 fiscal year some sports were reduced and the District transferred \$183,506 into the Athletic Fund, which was \$48,455 less than the previous year.
- The General Fund ended with a fund balance of \$347,920 as of June 30, 2008. As a result of a positive fund balance the district is no longer required to submit a deficit elimination plan.
- The District improved security by installing 20 networked video cameras throughout the facility, which are assessable to emergency services.
- The District continues to plan and work with emergency services for all aspects of students' safety. The areas of focus are fire, tornado, intruders, and toxic spills.
- In May of 2008 the District entered into a collaborative agreement with the WMISD for IT and technical support.
- At the Manton Consolidated Schools Board of Education budget hearing of June 26, 2008, the Board adopted a balanced budget of \$8,623,297 for the 2008-2009 fiscal year. In light of the recent difficult financial times for school districts in Michigan, this is extremely positive for the District.

J. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Manton Consolidated Schools, 105 5th Street, Manton, Michigan 49663.

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2008

ASSETS

CURRENT ASSETS

| | |
|------------------------------|------------------|
| Cash | \$ 1,762,451 |
| Taxes Receivable | 1,122 |
| Accounts Receivable | 18,808 |
| Intergovernmental Receivable | 1,550,935 |
| Inventory | 6,914 |
| Investments | 15,114 |
| Prepaid Expense | 2,882 |
| Total Current Assets | <u>3,358,226</u> |

NON CURRENT ASSETS

| | |
|-------------------------------|--------------------|
| Capital Assets | 16,617,290 |
| Less Accumulated Depreciation | <u>(4,293,916)</u> |
| Total Non Current Assets | <u>12,323,374</u> |

| | |
|--------------|-----------------------------|
| TOTAL ASSETS | <u><u>\$ 15,681,600</u></u> |
|--------------|-----------------------------|

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

| | |
|--|------------------|
| Accounts Payable | \$ 101,525 |
| State Aid Loan Payable | 1,900,000 |
| Accrued Expenses | 328,493 |
| Accrued Interest Payable | 58,668 |
| Salaries Payable | 438,435 |
| Deferred Revenue | 3,282 |
| Current Portion of Non Current Liabilities | <u>523,196</u> |
| Total Current Liabilities | <u>3,353,599</u> |

NON CURRENT LIABILITIES

| | |
|--|-------------------|
| Bonds Payable (Net of Deferred Charges of \$175,024) | 8,452,727 |
| Notes Payable | 373,200 |
| School Bond Loan Payable | 253,716 |
| Retirement Incentive | 26,170 |
| Compensated Absences | 221,049 |
| Less Current Portion of Non Current Liabilities | <u>(523,196)</u> |
| Total Non Current Liabilities | <u>8,803,666</u> |
| Total Liabilities | <u>12,157,265</u> |

NET ASSETS

| | |
|---|------------------|
| Invested in Capital Assets, Net of Related Debt | 3,535,198 |
| Restricted for Debt Service | 156,335 |
| Unrestricted | <u>(167,198)</u> |
| Total Net Assets | <u>3,524,335</u> |

| | |
|----------------------------------|-----------------------------|
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 15,681,600</u></u> |
|----------------------------------|-----------------------------|

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | GOVERNMENTAL |
|---------------------------------------|---------------------|----------------------|---------------------|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS | ACTIVITIES |
| | | | | NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS |
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | |
| Instruction | | | | |
| Basic Programs | \$ 4,015,217 | \$ 6,650 | \$ 151,765 | \$ (3,856,802) |
| Added Needs | 997,625 | 0 | 927,387 | (70,238) |
| Supporting Services | | | | |
| Pupil | 147,745 | 0 | 0 | (147,745) |
| Instructional Staff | 165,970 | 0 | 63,819 | (102,151) |
| General Administration | 245,702 | 0 | 0 | (245,702) |
| School Administration | 502,218 | 0 | 0 | (502,218) |
| Business | 281,750 | 0 | 0 | (281,750) |
| Operation and Maintenance | 695,685 | 0 | 0 | (695,685) |
| Pupil Transportation Services | 569,666 | 0 | 24,564 | (545,102) |
| Central Services | 88,933 | 0 | 0 | (88,933) |
| Food Service | 428,623 | 109,388 | 311,924 | (7,311) |
| Athletic Activities | 208,668 | 35,578 | 0 | (173,090) |
| Community Services | 44,047 | 11,609 | 0 | (32,438) |
| Interest on Long Term Debt | 377,919 | 0 | 0 | (377,919) |
| Other Transactions | 20,856 | 0 | 0 | (20,856) |
| Unallocated Depreciation | 497,126 | 0 | 0 | (497,126) |
| Total Governmental Activities | <u>\$ 9,287,750</u> | <u>\$ 163,225</u> | <u>\$ 1,479,459</u> | <u>(7,645,066)</u> |
| <u>GENERAL REVENUES</u> | | | | |
| Property Taxes - General Purposes | | | | 730,299 |
| Property Taxes - Debt Service | | | | 862,494 |
| Investment Earnings | | | | 12,583 |
| State Sources | | | | 6,762,377 |
| Other | | | | 36,826 |
| Total General Revenues | | | | <u>8,404,579</u> |
| Change in Net Assets | | | | 759,513 |
| <u>NET ASSETS</u> - Beginning of Year | | | | <u>2,764,822</u> |
| <u>NET ASSETS</u> - End of Year | | | | \$ 3,524,335 |

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2008

| | GENERAL FUND | OTHER NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|--|--------------------------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 1,466,066 | \$ 296,385 | \$ 1,762,451 |
| Taxes Receivable | 535 | 587 | 1,122 |
| Accounts Receivable | 18,808 | 0 | 18,808 |
| Due from Other Funds | 48,573 | 0 | 48,573 |
| Due from Other Governmental Units | 1,550,935 | 0 | 1,550,935 |
| Inventory | 0 | 6,914 | 6,914 |
| Investments | 15,114 | 0 | 15,114 |
| Prepaid Expense | 2,882 | 0 | 2,882 |
| TOTAL ASSETS | <u>\$ 3,102,913</u> | <u>\$ 303,886</u> | <u>\$ 3,406,799</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 84,783 | \$ 16,742 | \$ 101,525 |
| State Aid Loan Payable | 1,900,000 | 0 | 1,900,000 |
| Accrued Expenses | 328,493 | 0 | 328,493 |
| Salaries Payable | 438,435 | 0 | 438,435 |
| Due to Other Funds | 0 | 48,573 | 48,573 |
| Deferred Revenue | 3,282 | 0 | 3,282 |
| Total Liabilities | <u>2,754,993</u> | <u>65,315</u> | <u>2,820,308</u> |
| <u>FUND BALANCES</u> | | | |
| Reserved for Inventory | 0 | 6,914 | 6,914 |
| Reserved for Prepaid Expense | 2,882 | 0 | 2,882 |
| Reserved for Debt Service | 0 | 215,003 | 215,003 |
| Unreserved, reported in - | | | |
| General Fund | | | |
| Undesignated | 345,038 | 0 | 345,038 |
| Special Revenue Funds | | | |
| Designated | 0 | 16,654 | 16,654 |
| Total Fund Balances | <u>347,920</u> | <u>238,571</u> | <u>586,491</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 3,102,913</u> | <u>\$ 303,886</u> | <u>\$ 3,406,799</u> |

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2008

| | |
|----------------------------------|------------|
| Total Governmental Fund Balances | \$ 586,491 |
|----------------------------------|------------|

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and
are not reported in the funds

| | | |
|-----------------------------------|--------------------|------------|
| The cost of the capital assets is | \$ 16,617,290 | |
| Accumulated depreciation is | <u>(4,293,916)</u> | 12,323,374 |

Long term liabilities are not due and payable in the current period and are not
reported in the funds

| | |
|---|-------------|
| Bonds Payable | (8,627,751) |
| Notes Payable | (373,200) |
| School Bond Loan Payable | (253,716) |
| Accumulated Sick Pay | (221,049) |
| Retirement Incentive | (26,170) |
| Bond Premium | (103,101) |
| Bond Issuance Cost on Refunding | 68,127 |
| Amortization of Bond Issuance Cost on Refunding | (6,812) |
| Bond Deferred Loss on Refunding | 240,900 |
| Amortization of Bond Deferred Loss on Refunding | (24,090) |

| | |
|--|-----------------|
| Accrued interest is not included as a liability in government funds, it is recorded when paid | <u>(58,668)</u> |
|--|-----------------|

| | |
|---------------------------------------|----------------------------|
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 3,524,335</u></u> |
|---------------------------------------|----------------------------|

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

| | GENERAL FUND | OTHER NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|-----------------|--|--------------------------------|
| <u>REVENUES</u> | | | |
| Local Sources | \$ 776,162 | \$ 1,020,749 | \$ 1,796,911 |
| State Sources | 7,443,913 | 24,986 | 7,468,899 |
| Federal Sources | 305,246 | 286,938 | 592,184 |
| Other Transactions | 187,669 | 0 | 187,669 |
| Total Revenues | 8,712,990 | 1,332,673 | 10,045,663 |
| <u>EXPENDITURES</u> | | | |
| Instruction | | | |
| Basic Programs | 4,157,171 | 0 | 4,157,171 |
| Added Needs | 992,945 | 0 | 992,945 |
| Supporting Services | | | |
| Pupil | 149,947 | 0 | 149,947 |
| Instructional Staff | 165,930 | 0 | 165,930 |
| General Administration | 240,016 | 0 | 240,016 |
| School Administration | 498,581 | 0 | 498,581 |
| Business | 283,434 | 0 | 283,434 |
| Operation and Maintenance | 701,209 | 0 | 701,209 |
| Pupil Transportation Services | 566,206 | 0 | 566,206 |
| Central Services | 91,947 | 0 | 91,947 |
| Food Service | 0 | 428,346 | 428,346 |
| Athletic Activities | 0 | 208,691 | 208,691 |
| Community Services | 44,874 | 0 | 44,874 |
| Debt Service | | | |
| Principal | 0 | 467,477 | 467,477 |
| Interest | 0 | 433,236 | 433,236 |
| Paying Agent Fees | 0 | 3,753 | 3,753 |
| Taxes Abated and Written Off | 0 | 19 | 19 |
| Other Transactions | 60,473 | 0 | 60,473 |
| Total Expenditures | 7,952,733 | 1,541,522 | 9,494,255 |
| Excess (Deficiency) of Revenues Over Expenditures | 760,257 | (208,849) | 551,408 |

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

| | GENERAL FUND | OTHER NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|-----------------|--|--------------------------------|
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Proceeds from the Issuance of Debt | 25,551 | 0 | 25,551 |
| Transfers In | 0 | 357,013 | 357,013 |
| Transfers Out | (183,506) | (173,507) | (357,013) |
| Sale of School Property | 1,600 | 0 | 1,600 |
| Total Other Financing Sources (Uses) | (156,355) | 183,506 | 27,151 |
| Net Change in Fund Balance | 603,902 | (25,343) | 578,559 |
| <u>FUND BALANCE</u> - Beginning of Year (Deficit) | (255,982) | 263,914 | 7,932 |
| <u>FUND BALANCE</u> - End of Year | \$ 347,920 | \$ 238,571 | \$ 586,491 |

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

| | |
|--|------------|
| Net Change in Fund Balances Total Governmental Funds | \$ 578,559 |
|--|------------|

Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

| | |
|----------------------|-----------|
| Depreciation Expense | (497,126) |
| Capital Outlay | 86,238 |

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

| | |
|--|----------|
| Accrued Interest Payable - Beginning of Year | 78,454 |
| Accrued Interest Payable - End of Year | (58,668) |

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.

| | |
|---|----------|
| Proceeds from Bond Loan Fund | (16,120) |
| Installment Loan Borrowings | (25,551) |
| Repayment of Installment Loans | 199,601 |
| Repayment of Bond Principal | 380,000 |
| Amortization of Bond Issuance Cost on Refunding | (3,406) |
| Amortization of Bond Deferred Loss on Refunding | (12,045) |

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

| | |
|--------------------------------------|---------|
| Deferred Revenue - Beginning of Year | (1,633) |
| Deferred Revenue - End of Year | 0 |

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

Employees Retirement Incentive and Accumulated Sick Pay are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

| | |
|---|--------------------------|
| Retirement Incentive - Beginning of Year | 79,500 |
| Retirement Incentive - End of Year | (26,170) |
| Accumulated Sick Pay - Beginning of Year | 218,929 |
| Accumulated Sick Pay - End of Year | <u>(221,049)</u> |
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 759,513</u></u> |

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

| | PRIVATE PURPOSE TRUST FUND | AGENCY FUND |
|---------------------------------------|-------------------------------------|----------------|
| <u>ASSETS</u> | | |
| Cash | \$ 62,020 | \$ 42,284 |
| Accounts Receivable | 0 | 25,468 |
| Investments | 115,645 | 0 |
| TOTAL ASSETS | \$ 177,665 | \$ 67,752 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>LIABILITIES</u> | | |
| Due to Groups and Organizations | \$ 0 | \$ 63,085 |
| Accounts Payable | 0 | 4,667 |
| Total Liabilities | 0 | 67,752 |
| <u>NET ASSETS</u> | | |
| Reserved for Endowments | 175,682 | 0 |
| Reserved for Scholarships | 1,983 | 0 |
| Total Net Assets | 177,665 | 0 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 177,665 | \$ 67,752 |

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2008

| | <u>PRIVATE PURPOSE TRUST FUND</u> |
|---------------------------------------|---|
| <u>ADDITIONS</u> | |
| Donations | \$ 14,900 |
| Earnings on Investments and Deposits | <u>1,630</u> |
| Total Additions | <u>16,530</u> |
| <u>DEDUCTIONS</u> | |
| Scholarships Awarded | 14,900 |
| Loss on Investments | 9,623 |
| Transfers Out | <u>92,400</u> |
| Total Deductions | <u>116,923</u> |
| Change in Net Assets | (100,393) |
| <u>NET ASSETS</u> - Beginning of Year | <u>278,058</u> |
| <u>NET ASSETS</u> - End of Year | <u><u>\$ 177,665</u></u> |

The notes to the financial statements are an integral part of this statement.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Manton Consolidated Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Manton Consolidated Schools (the "District") is located in Wexford, Missaukee and Grand Traverse Counties with its administrative offices located in Manton, Michigan. The District is governed by the Manton Consolidated Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District provides services to its 1,067 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, and athletic activities. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental fund:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Other Non-major Funds

The *special refund funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

The *debt service funds* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for the acquisition of fund assets or construction of major capital projects.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

The *private purpose trust funds* are accounted for using the accrual method of accounting. Private purpose trust funds account for contributions earmarked for scholarships available to qualifying students of the District.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach, which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2008, the foundation allowance was based on pupil membership counts taken in February and September of 2007. For fiscal year ended June 30, 2008, the per pupil foundation allowance was \$7,204 for Manton Consolidated Schools.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2007 to August 2008. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and are billed and due December 1. Unpaid taxes become delinquent as of February 14 and are subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

For the year ended June 30, 2008, the District levied the following amounts per \$1,000 of taxable valuation:

| <u>Fund</u> | <u>Mills</u> |
|--|--------------|
| General Fund - Non-homestead | 18.0 |
| Debt Service Funds - Homestead and non-homestead | 7.0 |

4. Inventories and Prepaid Expenditures

Inventories are valued cost. Inventories in the general and special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

| | |
|-------------------------------------|-------------|
| Land Improvements | 20 years |
| Buildings and additions | 20-50 years |
| Furniture, equipment, and textbooks | 5-20 years |
| Transportation Equipment | 5-8 years |

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000 and aggregate purchases of similar items purchased at the same time, such as textbooks for a classroom.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

6. Compensated Absences

It is the District's policy to permit employees to accumulated earned but unused sick pay and compensated time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has opted to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums, discounts and bond issuance costs to be applied prospectively for all bonds issued after July 1, 2003.

8. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

- A. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, and debt service funds.

The District maintains a formalized encumbrance system. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any are noted in the required supplementary information section.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 28, 2007, or as amended by the School Board of Education on August 27, 2007, December 3, 2007, and June 26, 2008.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's deposits and investments are all on deposit with Citizens Bank, Forest Area Federal Credit Union, and Michigan School District Liquid Asset Fund Plus.

Investment rate risk. The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

Concentration of credit risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2008, \$1,648,450 of the government's bank balance of \$2,032,318 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Balance sheet classifications:

| | Deposits | Investments | Fiduciary Assets | Total |
|-------------|---------------------|------------------|---------------------|--------------------|
| Cash | \$ 1,762,451 | \$ 0 | \$ 104,304 | \$1,866,755 |
| Investments | 0 | 15,114 | 115,645 | 130,759 |
| | <u>\$ 1,762,451</u> | <u>\$ 15,114</u> | <u>\$ 219,949</u> | <u>\$1,997,514</u> |

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

| | General | Nonmajor and Other Funds | Total |
|-----------------------------------|--------------------|--------------------------------|--------------------|
| Receivables | | | |
| Taxes | \$ 535 | \$ 587 | \$ 1,122 |
| Accounts | 18,808 | 0 | 18,808 |
| Due from Other Governmental Units | 1,550,935 | 0 | 1,550,935 |
| Total Receivables | <u>\$1,570,278</u> | <u>\$ 587</u> | <u>\$1,570,865</u> |

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | Unavailable | Unearned |
|---|-------------|-----------------|
| Grant Receipts Received, But Not Yet Utilized | <u>\$ 0</u> | <u>\$ 3,282</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

C. Capital Assets

A summary of changes in the District's capital assets follows:

| | Balance July 1, 2007 | Additions | Deletions | Balance June 30, 2008 |
|---|-------------------------|--------------|-----------|--------------------------|
| Capital assets not being depreciated - Land | \$ 126,413 | \$ 0 | \$ 0 | \$ 126,413 |
| Capital assets being depreciated | | | | |
| Land improvements | 869,024 | 0 | 0 | 869,024 |
| Buildings and additions | 12,167,662 | 0 | 0 | 12,167,662 |
| Furniture, equipment, and textbooks | 3,250,028 | 43,549 | 0 | 3,293,577 |
| Transportation equipment | 117,925 | 42,689 | 0 | 160,614 |
| Subtotal | 16,404,639 | 86,238 | 0 | 16,490,877 |
| Less Accumulated depreciation for: | | | | |
| Land improvements | 108,873 | 14,171 | 0 | 123,044 |
| Buildings and additions | 2,044,436 | 236,074 | 0 | 2,280,510 |
| Furniture, equipment, and textbooks | 1,574,696 | 226,804 | 0 | 1,801,500 |
| Transportation equipment | 68,785 | 20,077 | 0 | 88,862 |
| Accumulated depreciation | 3,796,790 | 497,126 | 0 | 4,293,916 |
| Net capital assets being depreciated | 12,607,849 | (410,888) | 0 | 12,196,961 |
| Net capital assets | \$12,734,262 | \$ (410,888) | \$ 0 | \$12,323,374 |

Depreciation for the fiscal year ended June 30, 2008, amounted to \$497,126. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Short-Term Loans

The District has borrowed on state aid anticipation notes in order to meet its cash flow needs as follows:

| | <u>STATE AID NOTE</u> |
|-------------------------|---------------------------|
| Balance – July 1, 2007 | \$ 1,800,000 |
| Additions | 1,900,000 |
| Deletions | <u>(1,800,000)</u> |
| Balance – June 30, 2008 | <u>\$ 1,900,000</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

The note has a one year maturity from August 20, 2007, and carries a 3.68% interest rate. The accrued interest to be paid at maturity is \$69,920. It is the District's plan to roll the note into a new note at maturity.

E. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the long-term debt transactions for the School District for the year ended June 30, 2008:

| | SCHOOL BOND LOAN FUND | SICK PAY & RETIREMENT INCENTIVE | BONDS | INSTALLMENT NOTES | TOTAL |
|--------------------------|-----------------------------|---------------------------------------|--------------|----------------------|---------------|
| Balance July 1, 2007 | \$ 376,717 | \$ 298,429 | \$ 9,007,751 | \$ 408,129 | \$ 10,091,026 |
| Additions | 16,120 | 2,120 | 0 | 25,551 | 43,791 |
| Deletions | (139,121) | (53,330) | (380,000) | (60,480) | (632,931) |
| Balance June 30, 2008 | 253,716 | 247,219 | 8,627,751 | 373,200 | 9,501,886 |
| Less current portion | 0 | (26,170) | (424,124) | (72,902) | (523,196) |
| Total due after one year | \$ 253,716 | \$ 221,049 | \$ 8,203,627 | \$ 300,298 | \$ 8,978,690 |

The District's debt obligations at June 30, 2008 are comprised of the following issues:

School Bond Loan Fund

School Bond Loan Fund loan beginning October 21, 2002.

This is a loan from the State of Michigan pursuant to P.A. 108 of 1961. The District's debt retirement millage is limited to 7.0 mills. As long as the tax revenue from this millage is insufficient to make current debt service payments on the District's bonds, additional loans can be obtained in amounts sufficient to make bond and interest payments. No payments are due on the School Bond Loan Fund loan or accrued interest until such time as debt tax revenues exceed bond debt service requirements. Interest rates are variable, the rate at June 30, 2008 was 4.25%, and the accrued interest was \$10,396, which is included in the total.

\$ 253,716

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Sick Pay & Retirement Incentive

| | |
|--|---------|
| Compensated Absences of Employee Vested Sick Pay | 221,049 |
| Retirement Incentive | 26,170 |

Bonds

| | |
|--|-----------|
| 2001 School Building and Site Bonds due in annual installments of \$150,000 to \$200,000 through May 1, 2011, with interest from 4.70% to 4.75%. | 520,000 |
| 2007 Refunding Bonds due in annual installments of \$230,000 to \$355,000 through May 1, 2027, with interest from 4.00% to 5.00%. | 5,030,000 |
| 2003 Refunding Bonds due in annual installments of \$215,000 to \$250,000 through May 1, 2021, with interest from 2.75% to 4.15%. | 3,040,000 |
| 1998 Limited obligation bonds (Durant bonds) due in annual installments of \$3,253 to \$24,124 through May 15, 2013, with interest at 3.0849%. | 37,751 |

Installment Notes

| | |
|---|--------|
| \$40,000 loan from Citizens Bank dated August 11, 2005 to finance purchase of 104 5th Street. Monthly payments of \$412 including interest at 4.375% due the eleventh of each month through August 11, 2015. | 30,371 |
| \$35,000 loan from Citizens Bank dated March 17, 2006 to finance purchase of 108 5th Street. Monthly payments of \$363 including interest at 4.5% due the seventeenth of each month through March 17, 2016. | 28,431 |
| \$19,597 loan from Citizens Bank dated November 16, 2007 to finance purchase of 2005 Ford Pickup. Monthly payments of \$472 including interest at 7.24% due the sixteenth of each month through November 16, 2011 | 17,073 |
| \$150,024 loan from Fifth Third Bank dated February 17, 2006 to finance the purchase of computer hardware. Monthly principal payments of \$10,002 with interest calculated at 4.21% due the second of each month through October 2, 2009. | 50,008 |
| \$24,051 loan from Fifth Third Bank dated February 17, 2006 to finance the purchase of computer software. Monthly principal payments of \$1,603 with interest calculated at 4.21% due the second of each month through October 2, 2009. | 8,017 |
| \$75,000 2006 Limited Tax Qualified Zone Academy Energy Conservation Bond (QZAB loan) due in annual installments of \$5,000 through May 1, 2021 with interest at 0%. | 65,000 |

MANTON CONSOLIDATED SCHOOLS
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

\$174,300 2007 Limited Tax Qualified Zone Academy Energy Conservation
Bond (QZAB loan) due in annual installments of \$10,072 through October 2022
with interest at 0%.

174,300

\$ 9,501,886

The Durant bonds, including interest, were issued in anticipation of payment to the District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (State Aid payments). The District has pledged and assigned to the bondholder all rights to these State Aid payments as security for the Bond.

The annual requirements to amortize all debt outstanding as of June 30, 2008, including interest payments of \$3,381,513 are as follows:

| YEAR ENDING JUNE 30, | BONDS PAYABLE | | INSTALLMENT NOTES | | RETIREMENT INCENTIVE | | TOTAL |
|----------------------------|---------------------|---------------------|-------------------|------------------|-------------------------|----|-------------------|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | PRINCIPAL | | |
| 2009 | \$ 424,124 | \$ 355,764 | \$ 72,901 | \$ 5,268 | \$ 26,170 | \$ | 884,227 |
| 2010 | 423,253 | 338,978 | 38,739 | 3,028 | 0 | | 803,998 |
| 2011 | 448,353 | 323,388 | 27,826 | 2,214 | 0 | | 801,781 |
| 2012 | 478,457 | 305,823 | 25,138 | 1,542 | 0 | | 810,960 |
| 2013 | 503,564 | 286,008 | 23,221 | 1,150 | 0 | | 813,943 |
| 2014-2018 | 2,665,000 | 1,086,564 | 96,799 | 1,244 | 0 | | 3,849,607 |
| 2019-2023 | 2,300,000 | 532,742 | 88,576 | 0 | 0 | | 2,921,318 |
| 2024-2027 | 1,385,000 | 137,800 | 0 | 0 | 0 | | 1,522,800 |
| | <u>\$ 8,627,751</u> | <u>\$ 3,367,067</u> | <u>\$ 373,200</u> | <u>\$ 14,446</u> | <u>\$ 26,170</u> | \$ | <u>12,408,634</u> |

Compensated Absences of Employee Vested Sick Pay

221,049

School Bond Loan Fund

253,716

\$ 12,883,399

The annual requirements to amortize the accrued sick leave and the School Bond Loan Fund is uncertain because it is unknown when the repayments will be made.

F. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2008, were:

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

| | <u>INTERFUND RECEIVABLES</u> | <u>INTERFUND PAYABLES</u> |
|------------------------------------|----------------------------------|-------------------------------|
| General Fund | \$ 48,573 | \$ 0 |
| School Service Fund - Food Service | 0 | 48,573 |
| | <u>\$ 48,573</u> | <u>\$ 48,573</u> |

Interfund transfers are as shown in the individual fund financial statements at June 30, 2008, were:

| | <u>TRANSFERS IN</u> | <u>TRANSFERS OUT</u> |
|---|-------------------------|--------------------------|
| General Fund | \$ 0 | \$ 183,506 |
| School Service Fund - Athletic Activities | 183,506 | 0 |
| Debt Retirement Fund | | |
| 2003 Debt Fund | 2,000 | 45,000 |
| 2001 Debt Fund | 171,507 | 128,129 |
| Capital Project Fund | 0 | 378 |
| | <u>\$ 357,013</u> | <u>\$ 357,013</u> |

G. Leases

The rental expense for the year ended June 30, 2008 totaled \$152,238.

The rental expense consists of lease agreements on copiers, buses and a truck. The future minimum lease payments for these leases are as follows:

| <u>YEAR ENDING</u> | <u>PAYABLES</u> |
|--------------------|-------------------|
| 2009 | \$ 185,141 |
| 2010 | 173,367 |
| 2011 | 17,590 |
| 2012 | 11,726 |
| | <u>\$ 387,824</u> |

H. Sale of Future Revenues

For several years, the District has sold its rights to delinquent real property tax revenues and related late payment penalties to the Wexford, Missaukee and Grand Traverse County treasurers. For the 2008 tax roll the District received, or will receive, a lump sum payment of \$131,921 for general operating tax revenues and \$132,401 for debt service tax revenues. These amounts represent 100% of the present value of the delinquent real property tax revenues. In exchange for these payments, the counties are

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the counties are ultimately unable to collect any of these delinquent taxes, the District will have to repay the counties.

NOTE 4 - OTHER INFORMATION

A. Employee Retirement System

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the nine member board of MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (517) 322-5103.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3.9% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1 on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rule for the first quarter of the year ended June 30, 2008 was 17.74% and for the last three quarters it was 16.72%. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the year ended June 30, 2008, 2007 and 2006 were \$724,280, \$852,025, and \$798,617, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits, which is the responsibility of the State of Michigan.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Other Post Employment Benefits Funding Policy

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2008 or any of the prior three years.

C. Single Audit Report

The School District is required to have an audit performed in accordance with the guidelines of the Single Audit Act of 1984 as amended. This audit has been performed and the report based thereon has been issued under separate cover.

D. 2007 Refunding Bonds

On April 3, 2007, the District issued \$5,030,000 in General Obligation Bonds with interest rates of 4.00% and 5.00% to advance a refund of \$4,930,000 of outstanding 2001 School Building and Site Bonds with an interest rate of 5.50%. As a result, \$4,930,000 of the 2001 School Building and Site Bonds are considered to be defeased and the liability for those bonds has been removed from the non current liabilities of the District.

The District advance refunded a portion of the 2001 bond issue to reduce its total future debt service payments by \$495,423 and resulted in an economic gain of \$149,563.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL AMOUNTS BUDGETARY BASIS |
|--------------------------------------|--------------------|-----------------|---|
| <u>REVENUES</u> | | | |
| Local Sources | \$ 814,451 | \$ 783,215 | \$ 776,162 |
| State Sources | 7,613,320 | 7,445,052 | 7,443,913 |
| Federal Sources | 308,203 | 316,664 | 305,246 |
| Other Transactions | 126,073 | 175,817 | 187,669 |
| Total Revenues | 8,862,047 | 8,720,748 | 8,712,990 |
| <u>EXPENDITURES</u> | | | |
| Instruction | | | |
| Basic Programs | | | |
| Elementary | 1,775,281 | 1,600,639 | 1,589,660 |
| Middle School | 1,292,057 | 1,136,388 | 1,122,985 |
| High School | 1,396,812 | 1,336,604 | 1,325,408 |
| Pre-School | 146,689 | 119,465 | 119,118 |
| Added Needs | | | |
| Special Education | 608,720 | 595,302 | 591,617 |
| Compensatory Education | 358,992 | 412,833 | 401,328 |
| Supporting Services | | | |
| Pupil | | | |
| Guidance Services | 68,755 | 72,143 | 72,001 |
| Social Work Services | 57,085 | 29,343 | 29,268 |
| Other Pupil Services | 49,425 | 49,042 | 48,678 |
| Instructional Staff | | | |
| Improvement of Instruction | 105,745 | 100,194 | 91,446 |
| Educational Media Services (Library) | 83,987 | 67,780 | 67,015 |
| Supervision and Direction | 6,285 | 8,335 | 7,469 |
| General Administration | | | |
| Board of Education | 34,700 | 53,900 | 49,548 |
| Executive Administration | 192,445 | 192,110 | 190,468 |
| School Administration | | | |
| Office of the Principal | 488,772 | 503,659 | 498,581 |
| Business | | | |
| Fiscal Services | 166,347 | 178,209 | 176,529 |
| Other Business Services | 104,500 | 129,275 | 106,905 |
| Operation and Maintenance | 794,878 | 711,760 | 701,209 |
| Pupil Transportation Services | 588,119 | 573,775 | 566,206 |

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL AMOUNTS BUDGETARY BASIS |
|--|--------------------|-----------------|---|
| Central Services | | | |
| Technology Services | 224,202 | 95,842 | 91,947 |
| Community Services | | | |
| Community Recreation | 2,105 | 2,705 | 2,651 |
| Care and Custody of Children | 20,007 | 19,095 | 18,217 |
| Other Community Services | 26,384 | 27,087 | 24,006 |
| Other Transactions | 69,755 | 61,250 | 60,473 |
| Total Expenditures | 8,662,047 | 8,076,735 | 7,952,733 |
| Excess (Deficiency) of Revenues Over Expenditures | 200,000 | 644,013 | 760,257 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers Out | (200,000) | (170,962) | (183,506) |
| Sale of School Property | 0 | 1,600 | 1,600 |
| Loan Proceeds | 0 | 25,552 | 25,551 |
| Total Other Financing Sources (Uses) | (200,000) | (143,810) | (156,355) |
| Net Change in Fund Balance | 0 | 500,203 | 603,902 |
| <u>FUND BALANCE</u> - Beginning of Year (Deficit) | (255,982) | (255,982) | (255,982) |
| <u>FUND BALANCE</u> - End of Year (Deficit) | \$ (255,982) | \$ 244,221 | \$ 347,920 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN
NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2008

| | <u>SPECIAL REVENUE FUNDS</u> | | <u>DEBT RETIREMENT FUNDS</u> | | <u>CAPITAL</u> | <u>TOTAL</u> |
|--|------------------------------|-------------------|------------------------------|-------------------|-----------------|---------------------|
| | <u>FOOD</u> | <u>ATHLETIC</u> | | | <u>PROJECTS</u> | <u>NONMAJOR</u> |
| | <u>SERVICE</u> | <u>ACTIVITIES</u> | <u>2003</u> | <u>2001</u> | <u>FUND</u> | <u>GOVERNMENTAL</u> |
| | | | | | | <u>FUNDS</u> |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 65,844 | \$ 16,125 | \$ 53,389 | \$ 161,027 | \$ 0 | \$ 296,385 |
| Taxes Receivable | 0 | 0 | 274 | 313 | 0 | 587 |
| Inventory | 6,914 | 0 | 0 | 0 | 0 | 6,914 |
| TOTAL ASSETS | <u>\$ 72,758</u> | <u>\$ 16,125</u> | <u>\$ 53,663</u> | <u>\$ 161,340</u> | <u>\$ 0</u> | <u>\$ 303,886</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 16,378 | \$ 364 | \$ 0 | \$ 0 | \$ 0 | \$ 16,742 |
| Due to Other Funds | 48,573 | 0 | 0 | 0 | 0 | 48,573 |
| Total Liabilities | <u>64,951</u> | <u>364</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>65,315</u> |
| <u>FUND BALANCES</u> | | | | | | |
| Reserved for Inventory | 6,914 | 0 | 0 | 0 | 0 | 6,914 |
| Reserved for Debt Service | 0 | 0 | 53,663 | 161,340 | 0 | 215,003 |
| Designated for Food Services | 893 | 0 | 0 | 0 | 0 | 893 |
| Designated for Athletic Activities | 0 | 15,761 | 0 | 0 | 0 | 15,761 |
| Total Fund Balances | <u>7,807</u> | <u>15,761</u> | <u>53,663</u> | <u>161,340</u> | <u>0</u> | <u>238,571</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 72,758</u> | <u>\$ 16,125</u> | <u>\$ 53,663</u> | <u>\$ 161,340</u> | <u>\$ 0</u> | <u>\$ 303,886</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2008

| | <u>SPECIAL REVENUE FUNDS</u> | | <u>DEBT RETIREMENT FUNDS</u> | | <u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u> | <u>TOTAL</u> <u>NONMAJOR</u> <u>GOVERNMENTAL</u> <u>FUNDS</u> |
|--|-------------------------------|--------------------------------------|------------------------------|-------------|--|--|
| | <u>FOOD</u> <u>SERVICE</u> | <u>ATHLETIC</u> <u>ACTIVITIES</u> | <u>2003</u> | <u>2001</u> | | |
| <u>REVENUES</u> | | | | | | |
| Local Sources | \$ 109,589 | \$ 35,867 | \$ 406,237 | \$ 469,056 | \$ 0 | \$ 1,020,749 |
| State Sources | 24,986 | 0 | 0 | 0 | 0 | 24,986 |
| Federal Sources | 286,938 | 0 | 0 | 0 | 0 | 286,938 |
| Total Revenues | 421,513 | 35,867 | 406,237 | 469,056 | 0 | 1,332,673 |
| <u>EXPENDITURES</u> | | | | | | |
| Food Service Activities | 428,346 | 0 | 0 | 0 | 0 | 428,346 |
| Athletic Activities | 0 | 208,691 | 0 | 0 | 0 | 208,691 |
| Debt Service | | | | | | |
| Principal | 0 | 0 | 240,299 | 227,178 | 0 | 467,477 |
| Interest | 0 | 0 | 120,882 | 312,354 | 0 | 433,236 |
| Paying Agent Fees | 0 | 0 | 562 | 3,191 | 0 | 3,753 |
| Taxes Abated and Written Off | 0 | 0 | 0 | 19 | 0 | 19 |
| Total Expenditures | 428,346 | 208,691 | 361,743 | 542,742 | 0 | 1,541,522 |
| Excess (Deficiency) of Revenues Over Expenditures | (6,833) | (172,824) | 44,494 | (73,686) | 0 | (208,849) |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2008

| | <u>SPECIAL REVENUE FUNDS</u> | | <u>DEBT RETIREMENT FUNDS</u> | | <u>CAPITAL</u> | <u>TOTAL</u> |
|--|------------------------------|-------------------|------------------------------|-------------|-----------------|---------------------|
| | <u>FOOD</u> | <u>ATHLETIC</u> | | | <u>PROJECTS</u> | <u>NONMAJOR</u> |
| | <u>SERVICE</u> | <u>ACTIVITIES</u> | <u>2003</u> | <u>2001</u> | <u>FUND</u> | <u>GOVERNMENTAL</u> |
| | | | | | | <u>FUNDS</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | |
| Transfers In | 0 | 183,506 | 2,000 | 171,507 | 0 | 357,013 |
| Transfers Out | 0 | 0 | (45,000) | (128,129) | (378) | (173,507) |
| Total Other Financing Sources (Uses) | 0 | 183,506 | (43,000) | 43,378 | (378) | 183,506 |
| Net Change in Fund Balances | (6,833) | 10,682 | 1,494 | (30,308) | (378) | (25,343) |
| <u>FUND BALANCES</u> - Beginning of Year | 14,640 | 5,079 | 52,169 | 191,648 | 378 | 263,914 |
| <u>FUND BALANCES</u> - End of Year | \$ 7,807 | \$ 15,761 | \$ 53,663 | \$ 161,340 | \$ 0 | \$ 238,571 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|-------------------------------------|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 1,466,066 | \$ 800,025 |
| Taxes Receivable | 535 | 1,210 |
| Accounts Receivable | 18,808 | 4,093 |
| Due from Other Funds | 48,573 | 191,603 |
| Due from Other Governmental Units | 1,550,935 | 1,373,315 |
| Investments | 15,114 | 24,599 |
| Prepaid Expense | 2,882 | 94,397 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 3,102,913</u> | <u>\$ 2,489,242</u> |
| | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 84,783 | \$ 74,193 |
| State Aid Loan Payable | 1,900,000 | 1,800,000 |
| Accrued Expenses | 328,493 | 357,836 |
| Salaries Payable | 438,435 | 505,873 |
| Deferred Revenue | 3,282 | 7,322 |
| | <hr/> | <hr/> |
| Total Liabilities | <u>2,754,993</u> | <u>2,745,224</u> |
| | | |
| <u>FUND BALANCE</u> | | |
| Reserved for | | |
| Prepaid Expense | 2,882 | 94,397 |
| Unreserved | | |
| Undesignated (Deficit) | 345,038 | (350,379) |
| | <hr/> | <hr/> |
| Total Fund Balance | <u>347,920</u> | <u>(255,982)</u> |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 3,102,913</u> | <u>\$ 2,489,242</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

| | 2008 | | 2007 |
|--------------------------------------|------------|------------|------------|
| | BUDGET | ACTUAL | ACTUAL |
| <u>REVENUES</u> | | | |
| Local Sources | \$ 783,215 | \$ 776,162 | \$ 756,224 |
| State Sources | 7,445,052 | 7,443,913 | 7,497,042 |
| Federal Sources | 316,664 | 305,246 | 289,602 |
| Other Transactions | 175,817 | 187,669 | 89,379 |
| Total Revenues | 8,720,748 | 8,712,990 | 8,632,247 |
| <u>EXPENDITURES</u> | | | |
| Instruction | | | |
| Basic Programs | | | |
| Elementary | 1,600,639 | 1,589,660 | 1,710,379 |
| Middle School | 1,136,388 | 1,122,985 | 1,395,024 |
| High School | 1,336,604 | 1,325,408 | 1,422,807 |
| Pre-School | 119,465 | 119,118 | 127,397 |
| Added Needs | | | |
| Special Education | 595,302 | 591,617 | 590,938 |
| Compensatory Education | 412,833 | 401,328 | 338,113 |
| Adult/Continuing Education | 0 | 0 | 5,366 |
| Supporting Services | | | |
| Pupil | | | |
| Guidance Services | 72,143 | 72,001 | 73,988 |
| Social Work Services | 29,343 | 29,268 | 89,976 |
| Other Pupil Services | 49,042 | 48,678 | 75,440 |
| Instructional Staff | | | |
| Improvement of Instruction | 100,194 | 91,446 | 103,559 |
| Educational Media Services (Library) | 67,780 | 67,015 | 76,737 |
| Supervision and Direction | 8,335 | 7,469 | 6,209 |
| General Administration | | | |
| Board of Education | 53,900 | 49,548 | 34,309 |
| Executive Administration | 192,110 | 190,468 | 174,361 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | <u>2007</u> |
|---|---------------|---------------|---------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| School Administration | | | |
| Office of the Principal | 503,659 | 498,581 | 562,453 |
| Business | | | |
| Fiscal Services | 178,209 | 176,529 | 166,602 |
| Other Business Services | 129,275 | 106,905 | 104,142 |
| Operation and Maintenance | 711,760 | 701,209 | 748,210 |
| Pupil Transportation Services | 573,775 | 566,206 | 570,774 |
| Central Services | | | |
| Technology Services | 95,842 | 91,947 | 144,810 |
| Community Services | | | |
| Community Recreation | 2,705 | 2,651 | 1,749 |
| Care and Custody of Children | 19,095 | 18,217 | 21,190 |
| Other Community Services | 27,087 | 24,006 | 26,149 |
| Other Transactions | 61,250 | 60,473 | 57,398 |
| | | | |
| Total Expenditures | 8,076,735 | 7,952,733 | 8,628,080 |
| | | | |
| Excess (Deficiency) of Revenues Over Expenditures | 644,013 | 760,257 | 4,167 |
| | | | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers Out | (170,962) | (183,506) | (280,955) |
| Sale of School Property | 1,600 | 1,600 | 43,262 |
| Loan Proceeds | 25,552 | 25,551 | 0 |
| | | | |
| Total Other Financing Sources (Uses) | (143,810) | (156,355) | (237,693) |
| | | | |
| Net Change in Fund Balance | 500,203 | 603,902 | (233,526) |
| | | | |
| <u>FUND BALANCE</u> - Beginning of Year (Deficit) | (255,982) | (255,982) | (22,456) |
| | | | |
| <u>FUND BALANCE</u> - End of Year (Deficit) | \$ 244,221 | \$ 347,920 | \$ (255,982) |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2007

| | FOOD SERVICE FUND | ATHLETIC ACTIVITIES FUND | TOTALS | |
|---------------------------------------|-------------------------|--------------------------------|------------------|------------------|
| | | | 2008 | 2007 |
| <u>ASSETS</u> | | | | |
| Cash on Hand | \$ 110 | \$ 600 | \$ 710 | \$ 500 |
| Cash | 65,734 | 15,525 | 81,259 | 48,059 |
| Account Receivable | 0 | 0 | 0 | 1,127 |
| Inventory | | | | |
| Food | 6,914 | 0 | 6,914 | 4,976 |
| | | | | |
| TOTAL ASSETS | <u>\$ 72,758</u> | <u>\$ 16,125</u> | <u>\$ 88,883</u> | <u>\$ 54,662</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 16,378 | \$ 364 | \$ 16,742 | \$ 14,096 |
| Due to Other Funds | 48,573 | 0 | 48,573 | 20,847 |
| | | | | |
| Total Liabilities | <u>64,951</u> | <u>364</u> | <u>65,315</u> | <u>34,943</u> |
| <u>FUND BALANCE</u> | | | | |
| Reserved for Inventory | 6,914 | 0 | 6,914 | 4,976 |
| Unreserved | | | | |
| Designated for: | | | | |
| Food Services | 893 | 0 | 893 | 9,664 |
| Athletic Activities | 0 | 15,761 | 15,761 | 5,079 |
| | | | | |
| Total Fund Balance | <u>7,807</u> | <u>15,761</u> | <u>23,568</u> | <u>19,719</u> |
| | | | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 72,758</u> | <u>\$ 16,125</u> | <u>\$ 88,883</u> | <u>\$ 54,662</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2007

| | FOOD SERVICE FUND | ATHLETIC ACTIVITIES FUND | TOTALS | |
|--|-------------------------|--------------------------------|------------|------------|
| | | | 2008 | 2007 |
| <u>REVENUES</u> | | | | |
| Local Sources | \$ 109,589 | \$ 35,867 | \$ 145,456 | \$ 138,091 |
| State Sources | 24,986 | 0 | 24,986 | 20,994 |
| Federal Sources | 286,938 | 0 | 286,938 | 263,223 |
| | | | | |
| Total Revenues | 421,513 | 35,867 | 457,380 | 422,308 |
| | | | | |
| <u>EXPENDITURES</u> | | | | |
| Food Services | 428,346 | 0 | 428,346 | 374,899 |
| Athletic Activities | 0 | 208,691 | 208,691 | 265,829 |
| | | | | |
| Total Expenditures | 428,346 | 208,691 | 637,037 | 640,728 |
| | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | (6,833) | (172,824) | (179,657) | (218,420) |
| | | | | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers In | 0 | 183,506 | 183,506 | 231,961 |
| | | | | |
| Net Change in Fund Balance | (6,833) | 10,682 | 3,849 | 13,541 |
| | | | | |
| <u>FUND BALANCE</u> - Beginning of Year | 14,640 | 5,079 | 19,719 | 6,178 |
| | | | | |
| <u>FUND BALANCE</u> - End of Year | \$ 7,807 | \$ 15,761 | \$ 23,568 | \$ 19,719 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE

COMPARATIVE BALANCE SHEET
JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|---|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Cash on Hand | \$ 110 | \$ 100 |
| Cash | 65,734 | 44,037 |
| Accounts Receivable | 0 | 170 |
| Inventory | | |
| Food | <u>6,914</u> | <u>4,976</u> |
| TOTAL ASSETS | <u>\$ 72,758</u> | <u>\$ 49,283</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 16,378 | \$ 13,796 |
| Due to Other Funds | <u>48,573</u> | <u>20,847</u> |
| Total Liabilities | <u>64,951</u> | <u>34,643</u> |
| <u>FUND BALANCE</u> | | |
| Reserved for Inventory | 6,914 | 4,976 |
| Unreserved | | |
| Designated for Food Service | <u>893</u> | <u>9,664</u> |
| Total Fund Balance | <u>7,807</u> | <u>14,640</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 72,758</u> | <u>\$ 49,283</u> |

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | <u>2007</u> |
|--|---------------|---------------|---------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>REVENUES</u> | | | |
| Local Sources | | | |
| Earnings on Deposits | \$ 200 | \$ 201 | \$ 155 |
| Breakfast Sales to Pupils | 7,000 | 7,002 | 19,167 |
| Lunch Sales to Pupils | 30,750 | 30,750 | 39,474 |
| Adult Food Sales | 6,000 | 6,505 | 0 |
| Milk Machine Sales | 900 | 825 | 351 |
| Ala-Cart Sales | 35,000 | 32,462 | 11,464 |
| Catering | 64,500 | 31,844 | 30,536 |
| State Sources | | | |
| State Aid - Regular | 25,000 | 24,986 | 20,994 |
| Federal Sources | | | |
| Federal Aid | 269,883 | 269,010 | 246,792 |
| U.S.D.A. Donated Entitlement Commodities | 20,000 | 16,786 | 16,403 |
| U.S.D.A. Donated Bonus Commodities | 100 | 1,142 | 28 |
| Total Revenues | 459,333 | 421,513 | 385,364 |
| <u>EXPENDITURES</u> | | | |
| Salaries | | | |
| Cooks and Assistants | 91,800 | 91,263 | 86,387 |
| Secretarial and Clerical | 5,280 | 5,277 | 8,686 |
| Early Retirement | 0 | 0 | 16,360 |
| Sick Leave Bonus | 0 | 0 | 2,072 |
| Cash in Lieu of Insurance | 4,500 | 4,398 | 3,856 |
| Employee Benefits | | | |
| Health Insurance | 29,320 | 29,082 | 43,532 |
| Retirement | 16,500 | 16,323 | 16,673 |
| Employer Social Security | 7,500 | 7,438 | 7,328 |
| Unemployment | 8,000 | 7,014 | 0 |
| Purchased Services | | | |
| Repairs and Maintenance | | | |
| Equipment | 4,750 | 4,722 | 1,139 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

| | 2008 | | 2007 |
|---|-----------|----------|-----------|
| | BUDGET | ACTUAL | ACTUAL |
| Professional Services | 500 | 405 | 0 |
| Contracted Services | 69,000 | 66,505 | 22,763 |
| Rentals | 0 | 0 | 3,601 |
| Linen Service | 0 | 0 | 824 |
| Travel/Conference | 200 | 152 | 440 |
| Supplies and Materials | | | |
| Donated Commodities | 20,000 | 17,928 | 16,431 |
| Food Purchases | 144,122 | 135,417 | 113,404 |
| U.S.D.A. Delivery | 5,042 | 4,543 | 9,796 |
| Other Supplies | 16,000 | 15,388 | 14,161 |
| Capital Outlay | | | |
| Equipment and Furniture | 4,500 | 4,389 | 1,629 |
| Other Expense | | | |
| Sales Tax on Adult Lunches | 500 | 430 | 455 |
| Dues and Fees | 300 | 300 | 340 |
| Miscellaneous Expense | 17,000 | 17,372 | 5,022 |
| Total Expenditures | 444,814 | 428,346 | 374,899 |
| Excess (Deficiency) of Revenues Over Expenditures | 14,519 | (6,833) | 10,465 |
| <u>FUND BALANCE</u> - Beginning of Year | 5,079 | 14,640 | 4,175 |
| <u>FUND BALANCE</u> - End of Year | \$ 19,598 | \$ 7,807 | \$ 14,640 |

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES

COMPARATIVE BALANCE SHEET
JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|---|----------------------|---------------------|
| <u>ASSETS</u> | | |
| Cash on Hand | \$ 600 | \$ 400 |
| Cash | 15,525 | 4,022 |
| Accounts Receivable | <u>0</u> | <u>957</u> |
| TOTAL ASSETS | <u>\$ 16,125</u> | <u>\$ 5,379</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 364 | \$ 300 |
| <u>FUND BALANCE</u> | | |
| Unreserved | | |
| Designated for Athletic Activities | <u>15,761</u> | <u>5,079</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 16,125</u> | <u>\$ 5,379</u> |

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

| | 2008 | | 2007 |
|-------------------------------|--------|--------|--------|
| | BUDGET | ACTUAL | ACTUAL |
| <u>REVENUES</u> | | | |
| Local Sources | | | |
| Sales | \$ 250 | \$ 205 | \$ 20 |
| Admissions | 30,500 | 30,297 | 21,484 |
| Entry Fees | 5,000 | 4,225 | 12,525 |
| Season Passes | 900 | 851 | 1,770 |
| Donations | 100 | 133 | 100 |
| Miscellaneous | 150 | 156 | 1,045 |
| Total Revenues | 36,900 | 35,867 | 36,944 |
| <u>EXPENDITURES</u> | | | |
| Salaries | | | |
| Athletic Director | 0 | 0 | 40,437 |
| Middle School Game Manager | 2,500 | 2,500 | 2,720 |
| High School Game Manager | 5,500 | 5,500 | 4,000 |
| Coaches | 87,000 | 86,979 | 99,287 |
| Secretary | 7,100 | 7,018 | 4,421 |
| Employee Benefits | | | |
| Health Insurance | 2,791 | 2,750 | 12,934 |
| Retirement | 16,948 | 16,920 | 26,573 |
| Employer Social Security | 7,743 | 7,739 | 11,472 |
| Unemployment | 9,300 | 7,722 | 0 |
| Purchased Services | | | |
| Officials and Coaches | 24,600 | 24,523 | 20,913 |
| Repairs and Maintenance | 760 | 750 | 526 |
| Rental Expense | 500 | 414 | 460 |
| Travel Expense | 3,850 | 2,913 | 3,626 |
| Supplies and Materials | | | |
| Athletic Supplies | 9,812 | 8,730 | 14,076 |
| Uniforms | 15,750 | 15,711 | 14,179 |
| Awards and Trophies | 4,150 | 4,138 | 2,339 |
| Supplies Purchased for Resale | 0 | 0 | 162 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

| | <u>2008</u> | | <u>2007</u> |
|---|------------------|------------------|-----------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Other Expenses | | | |
| Dues and Fees | 900 | 865 | 2,573 |
| Entry Fees | 3,500 | 3,455 | 4,051 |
| Tournament Expense | 9,150 | 9,929 | 356 |
| Sales Tax | 25 | 2 | 2 |
| Miscellaneous Expense | 100 | 133 | 422 |
| Scholarship Expense | 300 | 0 | 300 |
| | | | |
| Total Expenditures | <u>212,279</u> | <u>208,691</u> | <u>265,829</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (175,379) | (172,824) | (228,885) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers In - General Fund | <u>175,790</u> | <u>183,506</u> | <u>231,961</u> |
| Net Change in Fund Balance | 411 | 10,682 | 3,076 |
| <u>FUND BALANCE</u> - Beginning of Year | <u>14,640</u> | <u>5,079</u> | <u>2,003</u> |
| <u>FUND BALANCE</u> - End of Year | <u>\$ 15,051</u> | <u>\$ 15,761</u> | <u>\$ 5,079</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2007

| | <u>BOND ISSUE</u> | | <u>TOTALS</u> | |
|---|-------------------|----------------|----------------|----------------|
| | <u>2003</u> | <u>2001</u> | <u>2008</u> | <u>2007</u> |
| <u>ASSETS</u> | | | | |
| Cash | \$ 53,389 | \$ 161,027 | \$ 214,416 | \$ 246,227 |
| Taxes Receivable | 274 | 313 | 587 | 558 |
| TOTAL ASSETS | \$ 53,663 | \$ 161,340 | \$ 215,003 | \$ 246,785 |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Due to Other Funds | \$ 0 | \$ 0 | \$ 0 | \$ 2,410 |
| Deferred Revenue | 0 | 0 | 0 | 558 |
| TOTAL LIABILITIES | 0 | 0 | 0 | 2,968 |
| <u>FUND BALANCE</u> | | | | |
| Reserved for Debt Retirement | 53,663 | 161,340 | 215,003 | 243,817 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 53,663 | \$ 161,340 | \$ 215,003 | \$ 246,785 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2007

| | <u>BOND ISSUE</u> | | <u>TOTALS</u> | |
|--|-------------------|-------------|---------------|-------------|
| <u>REVENUES</u> | <u>2003</u> | <u>2001</u> | <u>2008</u> | <u>2007</u> |
| Local Sources | | | | |
| Property Tax Levy | \$ 402,508 | \$ 459,986 | \$ 862,494 | \$ 786,732 |
| Miscellaneous | 3,729 | 9,070 | 12,799 | 0 |
| Total Revenues | 406,237 | 469,056 | 875,293 | 786,732 |
| <u>EXPENDITURES</u> | | | | |
| Redemption of Bond Principal | 240,299 | 227,178 | 467,477 | 365,000 |
| Bond Issuance Costs | 0 | 0 | 0 | 68,127 |
| Interest and Fiscal Charges | 120,882 | 312,354 | 433,236 | 275,068 |
| Paying Agent Fees | 562 | 3,191 | 3,753 | 912 |
| Taxes Abated and Written Off | 0 | 19 | 19 | 517 |
| Total Expenditures | 361,743 | 542,742 | 904,485 | 709,624 |
| Excess (Deficiency) of Revenues Over Expenditures | 44,494 | (73,686) | (29,192) | 77,108 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Refunding Bonds Issued | 0 | 0 | 0 | 5,030,000 |
| Bond Premium | 0 | 0 | 0 | 103,101 |
| Payment to Refunded Bond Escrow Agent | 0 | 0 | 0 | (5,170,900) |
| Transfers In | 2,000 | 171,507 | 173,507 | 83,000 |
| Transfers Out | (45,000) | (128,129) | (173,129) | (83,000) |
| Total Other Financing Sources (Uses) | (43,000) | 43,378 | 378 | (37,799) |
| Net Change in Fund Balance | 1,494 | (30,308) | (28,814) | 39,309 |
| <u>FUND BALANCE</u> - Beginning of Year | 52,169 | 191,648 | 243,817 | 204,508 |
| <u>FUND BALANCE</u> - End of Year | \$ 53,663 | \$ 161,340 | \$ 215,003 | \$ 243,817 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|-------------------------------------|-------------|-------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 0 | \$ 378 |
| Accounts Receivable | <u>0</u> | <u>168,346</u> |
| Total Assets | <u>\$ 0</u> | <u>\$ 168,724</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Due to General Fund | \$ 0 | \$ 168,346 |
| <u>FUND BALANCE</u> | | |
| Unreserved | <u>0</u> | <u>378</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 0</u> | <u>\$ 168,724</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

CAPITAL PROJECT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

| | 2008 | 2007 |
|--|-------|-----------|
| <u>REVENUES</u> | \$ 0 | \$ 0 |
| <u>EXPENDITURES</u> | 0 | 0 |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | 0 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Loan Proceeds | 0 | 243,346 |
| Transfers In - General Fund | 0 | 48,994 |
| Transfers Out - 2001 Debt Retirement Fund | (378) | 0 |
| Total Other Financing Sources (Uses) | (378) | 292,340 |
| Net Change in Fund Balance | (378) | 292,340 |
| <u>FUND BALANCE</u> - Beginning of Year (Deficit) | 378 | (291,962) |
| <u>FUND BALANCE</u> - End of Year | \$ 0 | \$ 378 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

FIDUCIARY FUND TYPES
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

| | PRIVATE PURPOSE TRUST FUND | AGENCY FUND | TOTALS | |
|-------------------------------------|-------------------------------|------------------|-------------------|-------------------|
| | | | 2008 | 2007 |
| <u>ASSETS</u> | | | | |
| Cash | \$ 62,020 | \$ 42,284 | \$ 104,304 | \$ 197,168 |
| Accounts Receivable | 0 | 25,468 | 25,468 | 825 |
| Investments | 115,645 | 0 | 115,645 | 131,818 |
| | | | | |
| TOTAL ASSETS | <u>\$ 177,665</u> | <u>\$ 67,752</u> | <u>\$ 245,417</u> | <u>\$ 329,811</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Due to Groups and Organizations | \$ 0 | \$ 63,085 | \$ 63,085 | \$ 22,836 |
| Accounts Payable | 0 | 4,667 | 4,667 | 699 |
| | | | | |
| Total Liabilities | <u>0</u> | <u>67,752</u> | <u>67,752</u> | <u>23,535</u> |
| <u>NET ASSETS</u> | | | | |
| Reserved for Endowments | 175,682 | 0 | 175,682 | 269,525 |
| Reserved for Scholarships | 1,983 | 0 | 1,983 | 8,533 |
| | | | | |
| Total Net Assets | <u>177,665</u> | <u>0</u> | <u>177,665</u> | <u>278,058</u> |
| | | | | |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 177,665</u> | <u>\$ 67,752</u> | <u>\$ 245,417</u> | <u>\$ 301,593</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

PRIVATE PURPOSE TRUST FUND

COMPARATIVE STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30,

| | <u>2008</u> | <u>2007</u> |
|---------------------------------------|-------------|-------------|
| <u>ADDITIONS</u> | | |
| Donations | \$ 14,900 | \$ 25,516 |
| Earnings on Investments and Deposits | 1,630 | 21,217 |
| | <hr/> | <hr/> |
| Total Additions | 16,530 | 46,733 |
| | <hr/> | <hr/> |
| <u>DEDUCTIONS</u> | | |
| Scholarships Awarded | 14,900 | 5,500 |
| Loss on Investments | 9,623 | 0 |
| Transfers Out | 92,400 | 0 |
| | <hr/> | <hr/> |
| Total Deductions | 116,923 | 5,500 |
| | <hr/> | <hr/> |
| Change in Net Assets | (100,393) | 41,233 |
| | <hr/> | <hr/> |
| <u>NET ASSETS</u> - Beginning of Year | 278,058 | 236,825 |
| | <hr/> | <hr/> |
| <u>NET ASSETS</u> - End of Year | \$ 177,665 | \$ 278,058 |
| | <hr/> <hr/> | <hr/> <hr/> |

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2008

| | BALANCE 7/01/07 | RECEIPTS (Including Transfers) | DISBURSEMENTS | BALANCE 6/30/08 |
|----------------------------|--------------------|-----------------------------------|---------------|--------------------|
| Art Club | \$ 22 | \$ 0 | \$ 0 | \$ 22 |
| Band Accessory | (853) | 1,550 | 697 | 0 |
| Band Boosters | 0 | 1,245 | 984 | 261 |
| Band Fundraiser | 266 | 1,784 | 1,644 | 406 |
| Baseball | 473 | 2,775 | 2,268 | 980 |
| Basketball Jr. High | 10 | 0 | 0 | 10 |
| Boy's Basketball | 182 | 9,242 | 7,924 | 1,500 |
| Girl's Basketball | 80 | 140 | 0 | 220 |
| Checking Account Interest | 9,751 | 825 | 102 | 10,474 |
| Cheerleaders - High School | 85 | 5,085 | 5,170 | 0 |
| Choir | (500) | 598 | 0 | 98 |
| Class of 1999 | 9 | 440 | 0 | 449 |
| Class of 2002 | 12 | 0 | 0 | 12 |
| Class of 2003 | 200 | 0 | 100 | 100 |
| Class of 2005 | 100 | 0 | 0 | 100 |
| Class of 2006 | 61 | 390 | 0 | 451 |
| Class of 2007 | 476 | 1,370 | 1,471 | 375 |
| Class of 2008 | 61 | 30,408 | 30,417 | 52 |
| Class of 2009 | 64 | 12,457 | 10,059 | 2,462 |
| Cross Country Camp | 18 | 0 | 0 | 18 |
| Eighth Grade | 104 | 365 | 402 | 67 |
| Elementary Activity | 1,436 | 20,019 | 21,455 | 0 |
| Fifth Grade | 92 | 1,406 | 1,431 | 67 |
| Football | 192 | 8,290 | 10,131 | (1,649) |
| Forensics | 51 | 0 | 0 | 51 |
| Golf | 48 | 0 | 0 | 48 |
| Girls On The Run | 25 | 325 | 289 | 61 |
| High School Activity | 303 | 1,592 | 697 | 1,198 |
| Library - High School | 264 | 6,431 | 6,414 | 281 |
| Manton Alumni | 4,658 | 10,489 | 15,147 | 0 |
| Manton Jamboree | 0 | 500 | 0 | 500 |
| Manton PTO | 1,009 | 12,242 | 13,251 | 0 |

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2008

| | BALANCE 7/01/07 | RECEIPTS (Including Transfers) | DISBURSEMENTS | BALANCE 6/30/08 |
|-------------------------------|--------------------|-----------------------------------|---------------|--------------------|
| Middle School - Chicago | 4 | 28,334 | 28,338 | 0 |
| Middle School - New Activity | 228 | 19,644 | 16,201 | 3,671 |
| National Honor Society | 106 | 450 | 85 | 471 |
| Natural Helpers | 0 | 500 | 0 | 500 |
| Odyssey of the Mind | 95 | 6,320 | 6,415 | 0 |
| O'Brien - Quy Scholarship | 30,000 | 0 | 3,000 | 27,000 |
| Outdoor Education | 686 | 40,297 | 36,953 | 4,030 |
| Playground | 0 | 500 | 446 | 54 |
| Revolving | 0 | 1,890 | 1,890 | 0 |
| Schimpke Memorial | 0 | 2,935 | 0 | 2,935 |
| Seventh Grade | 150 | 527 | 269 | 408 |
| Shop | 0 | 449 | 449 | 0 |
| Sixth Grade | 52 | 450 | 481 | 21 |
| Ski Club | 187 | 0 | 180 | 7 |
| Ski Passes | 18 | 86 | 86 | 18 |
| Softball - Girl's | 31 | 13,830 | 11,840 | 2,021 |
| Spanish Club | 12 | 0 | 0 | 12 |
| Student Council - Jr. High | 160 | 2,885 | 2,861 | 184 |
| Student Council - High School | 278 | 6,578 | 5,049 | 1,807 |
| Track and Field | 49 | 6,144 | 5,830 | 363 |
| Varsity Club | 36 | 0 | 0 | 36 |
| Weight Room | 27 | 0 | 0 | 27 |
| Wrestling Club | 110 | 3,408 | 3,223 | 295 |
| Volleyball | 0 | 344 | 343 | 1 |
| Yearbook - 2005-06 | 0 | 650 | 650 | 0 |
| Yearbook - 2006-07 | 126 | 390 | 516 | 0 |
| Yearbook - 2007-08 | 0 | 6,452 | 5,842 | 610 |
| | | | | |
| | \$ 51,054 | \$ 273,031 | \$ 261,000 | \$ 63,085 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2008

| | BALANCE 7/01/07 | RECEIPTS (Including Transfers) | DISBURSEMENTS | BALANCE 6/30/08 |
|---------------------------------|--------------------|-----------------------------------|---------------|--------------------|
| Represented by | | | | |
| Assets | | | | |
| Cash on Deposit | \$ 50,928 | | | \$ 42,284 |
| Accounts Receivable | 825 | | | 25,468 |
| | | | | |
| Total Assets | <u>\$ 51,753</u> | | | <u>\$ 67,752</u> |
| | | | | |
| Liabilities | | | | |
| Due to Groups and Organizations | \$ 51,054 | | | \$ 63,085 |
| Accounts Payable | 699 | | | 4,667 |
| | | | | |
| Total Liabilities | <u>\$ 51,753</u> | | | <u>\$ 67,752</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHEDULE OF 2007 TAX ROLL
YEAR ENDED JUNE 30, 2008

| | TAXABLE VALUATION | TAXES ASSESSED | TAXES COLLECTED | TAXES RETURNED DELINQUENT |
|--------------------------------------|-----------------------|-------------------|--------------------|---------------------------------|
| <u>GENERAL FUND - (18.000 Mills)</u> | | | | |
| <u>WEXFORD COUNTY</u> | | | | |
| City of Manton | \$ 9,239,508 | \$ 161,054 | \$ 133,367 | \$ 27,687 |
| Cedar Creek Township | 12,989,845 | 222,327 | 175,574 | 46,753 |
| Liberty Township | 5,195,013 | 92,232 | 69,596 | 22,636 |
| Colfax Township | 1,533,249 | 26,747 | 21,078 | 5,669 |
| Greenwood Township | 3,943,452 | 71,126 | 58,019 | 13,107 |
| <u>MISSAUKEE COUNTY</u> | | | | |
| Bloomfield Township | 5,224,169 | 96,138 | 86,396 | 9,742 |
| Caldwell Township | 3,285,124 | 58,367 | 52,133 | 6,234 |
| <u>GRAND TRAVERSE COUNTY</u> | | | | |
| Fife Lake Township | 124,720 | 2,245 | 2,152 | 93 |
| | <u>\$ 41,535,080</u> | <u>\$ 730,236</u> | <u>\$ 598,315</u> | <u>\$ 131,921</u> |
| <u>2003 DEBT FUND - (3.26 Mills)</u> | | | | |
| <u>WEXFORD COUNTY</u> | | | | |
| City of Manton | \$ 18,705,539 | \$ 60,980 | \$ 51,639 | \$ 9,341 |
| Cedar Creek Township | 41,471,087 | 135,196 | 112,902 | 22,294 |
| Liberty Township | 18,687,403 | 60,921 | 51,241 | 9,680 |
| Colfax Township | 6,786,064 | 22,123 | 17,993 | 4,130 |
| Greenwood Township | 10,326,237 | 33,664 | 27,890 | 5,774 |
| <u>MISSAUKEE COUNTY</u> | | | | |
| Bloomfield Township | 11,493,379 | 37,467 | 32,534 | 4,933 |
| Caldwell Township | 10,668,081 | 34,777 | 29,441 | 5,336 |
| <u>GRAND TRAVERSE COUNTY</u> | | | | |
| Fife Lake Township | 401,170 | 1,309 | 1,166 | 143 |
| | <u>\$ 118,538,960</u> | <u>\$ 386,437</u> | <u>\$ 324,806</u> | <u>\$ 61,631</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHEDULE OF 2007 TAX ROLL
YEAR ENDED JUNE 30, 2008

| | TAXABLE VALUATION | TAXES ASSESSED | TAXES COLLECTED | TAXES RETURNED DELINQUENT |
|--------------------------------------|-----------------------|-------------------|--------------------|---------------------------------|
| <u>2001 DEBT FUND - (3.74 Mills)</u> | | | | |
| <u>WEXFORD COUNTY</u> | | | | |
| City of Manton | \$ 18,705,539 | \$ 69,958 | \$ 59,242 | \$ 10,716 |
| Cedar Creek Township | 41,471,087 | 155,102 | 129,526 | 25,576 |
| Liberty Township | 18,687,403 | 69,893 | 58,785 | 11,108 |
| Colfax Township | 6,786,064 | 25,380 | 20,641 | 4,739 |
| Greenwood Township | 10,326,237 | 38,620 | 31,985 | 6,635 |
| <u>MISSAUKEE COUNTY</u> | | | | |
| Bloomfield Township | 11,493,379 | 42,981 | 37,323 | 5,658 |
| Caldwell Township | 10,668,081 | 39,896 | 33,776 | 6,120 |
| <u>GRAND TRAVERSE COUNTY</u> | | | | |
| Fife Lake Township | 401,170 | 1,500 | 1,369 | 218 |
| | <u>\$ 118,538,960</u> | <u>\$ 443,330</u> | <u>\$ 372,647</u> | <u>\$ 70,770</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHEDULE OF 2007 INDUSTRIAL FACILITIES TAX ROLL
YEAR ENDED JUNE 30, 2008

| | TAXABLE VALUATION | TAXES ASSESSED | TAXES COLLECTED | TAXES RETURNED DELINQUENT |
|---------------------------------------|----------------------|-------------------|--------------------|---------------------------------|
| <u>GENERAL FUND - (9.000 Mills)</u> | | | | |
| <u>WEXFORD COUNTY</u> | | | | |
| City of Manton | | | | |
| State Share | \$ 3,426,600 | \$ 30,839 | \$ 30,839 | \$ 0 |
| Liberty Township | | | | |
| State Share | 632,400 | 5,692 | 5,692 | 0 |
| | <u>\$ 4,059,000</u> | <u>\$ 36,531</u> | <u>\$ 36,531</u> | <u>\$ 0</u> |
| <u>2003 DEBT FUND - (1.63 Mills)</u> | | | | |
| <u>WEXFORD COUNTY</u> | | | | |
| City of Manton | | | | |
| School District Share | \$ 3,426,600 | \$ 5,585 | \$ 5,585 | \$ 0 |
| Liberty Township | | | | |
| School District Share | 632,400 | 1,031 | 1,031 | 0 |
| | <u>\$ 4,059,000</u> | <u>\$ 6,616</u> | <u>\$ 6,616</u> | <u>\$ 0</u> |
| <u>2001 DEBT FUND - (.8350 Mills)</u> | | | | |
| <u>WEXFORD COUNTY</u> | | | | |
| City of Manton | | | | |
| School District Share | \$ 3,426,600 | \$ 2,861 | \$ 2,861 | \$ 0 |
| Liberty Township | | | | |
| School District Share | 632,400 | 528 | 528 | 0 |
| | <u>\$ 4,059,000</u> | <u>\$ 3,389</u> | <u>\$ 3,389</u> | <u>\$ 0</u> |
| <u>2007 DEBT FUND (1.0350 Mills)</u> | | | | |
| <u>WEXFORD COUNTY</u> | | | | |
| City of Manton | | | | |
| School District Share | \$ 3,426,600 | \$ 3,547 | \$ 3,547 | \$ 0 |
| Liberty Township | | | | |
| School District Share | 632,400 | 655 | 655 | 0 |
| | <u>\$ 4,059,000</u> | <u>\$ 4,202</u> | <u>\$ 4,202</u> | <u>\$ 0</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

COMPARATIVE SCHEDULE OF CASH AND INVESTMENTS
JUNE 30,

| | 2008 | | 2007 | |
|--------------------------------------|--------|---------------------|--------|---------------------|
| | RATE | AMOUNT | RATE | AMOUNT |
| <u>GOVERNMENT-WIDE FUNDS</u> | | | | |
| <u>GENERAL FUND</u> | | | | |
| Petty Cash | N/A | \$ 100 | N/A | \$ 100 |
| Citizens Bank - Checking | 1.41 % | 1,435,666 | 4.62 % | 783,150 |
| Citizens Bank - Checking | N/A | 7,822 | N/A | 0 |
| Citizens Bank - Checking | 0.25 % | 5,059 | N/A | 0 |
| Citizens Bank - Payroll Checking | 0.25 % | 4,249 | 0.75 % | 4,118 |
| Citizens Bank - Payroll Savings | 0.25 % | 1,259 | 0.25 % | 1,218 |
| Michigan Liquid Asset Fund | 2.05 % | 11,911 | 4.83 % | 11,439 |
| Prudential Financial | N/A | 15,114 | N/A | 24,599 |
| | | <u>1,481,180</u> | | <u>824,624</u> |
| <u>SPECIAL REVENUE FUNDS</u> | | | | |
| Food Service Fund | | | | |
| Citizens Bank Checking | 0.50 % | 65,734 | 0.50 % | 44,037 |
| Petty Cash | N/A | 110 | N/A | 100 |
| Athletic Activities | | | | |
| Citizens Bank Checking | N/A | 15,525 | N/A | 4,022 |
| Petty Cash | N/A | 600 | N/A | 400 |
| | | <u>81,969</u> | | <u>48,559</u> |
| <u>CAPITAL PROJECTS FUND</u> | | | | |
| Citizens Bank Checking | N/A | <u>0</u> | N/A | <u>378</u> |
| <u>DEBT RETIREMENT FUND</u> | | | | |
| 2003 Debt Service Fund | | | | |
| Citizens Bank Checking | N/A | 53,389 | N/A | 53,016 |
| 2001 Debt Service Fund | | | | |
| Citizens Bank Checking | N/A | 161,027 | N/A | 193,211 |
| | | <u>214,416</u> | | <u>246,227</u> |
| TOTAL GOVERNMENT-WIDE FUNDS | | <u>\$ 1,777,565</u> | | <u>\$ 1,119,788</u> |
| <u>FIDUCIARY FUNDS</u> | | | | |
| Michigan Liquid Asset Fund | 2.05 % | \$ 1,983 | 4.83 % | \$ 8,533 |
| Citizens Bank Certificate of Deposit | N/A | 0 | 5.13 % | 7,209 |
| Citizens Bank Certificate of Deposit | N/A | 0 | 5.25 % | 21,699 |
| Citizens Bank Certificate of Deposit | N/A | 0 | 5.13 % | 57,248 |
| Citizens Bank Certificate of Deposit | 4.03 % | 62,020 | 4.98 % | 59,525 |
| American Balanced Fund | N/A | 113,662 | N/A | 123,286 |
| Citizens Bank Checking | 1.41 % | 34,784 | 4.62 % | 50,928 |
| Citizens Bank Checking | N/A | 7,500 | N/A | 0 |
| Forest Area Federal Credit Union | N/A | 0 | 1.51 % | 558 |
| TOTAL FIDUCIARY FUNDS | | <u>\$ 219,949</u> | | <u>\$ 328,986</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

1998 DURANT SETTLEMENT BONDS PAYABLE SCHEDULE
JUNE 30, 2008

| | |
|--|--|
| <u>TITLE OF ISSUE</u> | 1998 School Improvement Bond |
| <u>PURPOSE</u> | The bonds were issued for improvements to site, school buses, other equipment, building improvement, remodeling of existing facilities and section 1351a of Act 451 purposes. The bond proceeds were used to re-roof the middle school, which meets the November 15, 1998 above prescribed uses. |
| <u>DATE OF ISSUE</u> | November 15, 1998 |
| <u>AVERAGE INTEREST RATE</u> | 3.0849% |
| <u>INTEREST AND PRINCIPAL PAYABLE</u> | May 15 of each year |
| <u>AMOUNT OF ISSUE</u> | \$ 59,091 |
| <u>AMOUNT REDEEMED</u> | |
| Prior to Current Year | \$ 21,340 |
| Current Year | 0 |
| | <u>21,340</u> |
| <u>BALANCE OUTSTANDING - June 30, 2008</u> | <u>\$ 37,751</u> |

| <u>DUE DATES</u> | <u>REQUIREMENTS</u> | | |
|------------------|---------------------|-----------------|------------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
| May 15, 2009 | \$ 24,124 | \$ 3,756 | \$ 27,880 |
| May 15, 2010 | 3,253 | 896 | 4,149 |
| May 15, 2011 | 3,353 | 796 | 4,149 |
| May 15, 2012 | 3,457 | 693 | 4,150 |
| May 15, 2013 | 3,564 | 586 | 4,150 |
| | <u>\$ 37,751</u> | <u>\$ 6,727</u> | <u>\$ 44,478</u> |

| | |
|-------------------------------------|---|
| <u>REDEMPTION PRIOR TO MATURITY</u> | There is no provision for early redemption |
| <u>TAX LEVY/STATE AID</u> | The revenues to retire the Durant Settlement Bonds is to come from yearly transfers of state aid from the State of Michigan, thus, no property taxes are levied for these payments. |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2001 BONDS PAYABLE SCHEDULE
JUNE 30, 2008

| | |
|---|---|
| <u>TITLE OF ISSUE</u> | 2001 School Building and Site Bonds |
| <u>PURPOSE</u> | Erecting, furnishing and equipping additions to and partially remodeling refurnishing and re-equipping the school building. Acquiring and installing educational technology. Constructing athletic facilities and developing and improving athletic fields and sites. |
| <u>DATE OF ISSUE</u> | November 14, 2001 |
| <u>INTEREST PAYABLE</u> | May 1, and November 1, of each year |
| <u>AMOUNT OF ISSUE</u> | \$ 6,500,000 |
| <u>AMOUNT REDEEMED</u> | |
| Prior to Current Year | \$ 900,000 |
| Current Year | 150,000 |
| Current Advanced Refunding of Debt on April 3, 2007 | <div style="display: flex; justify-content: space-between;"> 4,930,000 5,980,000 </div> |
| <u>BALANCE OUTSTANDING - June 30, 2008</u> | <div style="display: flex; justify-content: space-between;"> \$ 520,000 </div> |

| <u>DUE DATES</u> | INTEREST RATES | REQUIREMENTS | | |
|------------------|-------------------|--------------|-----------|------------|
| | | PRINCIPAL | INTEREST | TOTAL |
| November 1, 2008 | | | \$ 12,270 | \$ 12,270 |
| May 1, 2009 | 4.70% | \$ 150,000 | 12,270 | 162,270 |
| November 1, 2009 | | | 8,745 | 8,745 |
| May 1, 2010 | 4.70% | 170,000 | 8,745 | 178,745 |
| November 1, 2010 | | | 4,750 | 4,750 |
| May 1, 2011 | 4.75% | 200,000 | 4,750 | 204,750 |
| | | \$ 520,000 | \$ 51,530 | \$ 571,530 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2007 REFUNDING BONDS PAYABLE SCHEDULE
JUNE 30, 2008

| | |
|--|--|
| <u>TITLE OF ISSUE</u> | 2007 Refunding Bonds |
| <u>PURPOSE</u> | The Bonds were issued for the purpose of refunding a portion of the School District's outstanding 2001 School Building and Site Bonds, dated November 14, 2001 |
| <u>DATE OF ISSUE</u> | April 3, 2007 |
| <u>INTEREST PAYABLE</u> | May 1, and November 1, of each year |
| <u>AMOUNT OF ISSUE</u> | \$ 5,030,000 |
| <u>AMOUNT REDEEMED</u> | |
| Prior to Current Year | \$ 0 |
| Current Year | <u>0</u> |
| <u>BALANCE OUTSTANDING - June 30, 2008</u> | <u>\$ 5,030,000</u> |

| <u>DUE DATES</u> | <u>INTEREST RATES</u> | <u>REQUIREMENTS</u> | | |
|------------------|---------------------------|---------------------|-----------------|--------------|
| | | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
| November 1, 2008 | | | \$ 109,150 | \$ 109,150 |
| May 1, 2009 | | \$ 0 | 109,150 | 109,150 |
| November 1, 2009 | | | 109,150 | 109,150 |
| May 1, 2010 | | 0 | 109,150 | 109,150 |
| November 1, 2010 | | | 109,150 | 109,150 |
| May 1, 2011 | | 0 | 109,150 | 109,150 |
| November 1, 2011 | | | 109,150 | 109,150 |
| May 1, 2012 | 5.00% | 230,000 | 109,150 | 339,150 |
| November 1, 2012 | | | 103,400 | 103,400 |
| May 1, 2013 | 5.00% | 260,000 | 103,400 | 363,400 |
| November 1, 2013 | | | 96,900 | 96,900 |
| May 1, 2014 | 5.00% | 285,000 | 96,900 | 381,900 |
| November 1, 2014 | | | 89,775 | 89,775 |
| May 1, 2015 | 5.00% | 310,000 | 89,775 | 399,775 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2007 REFUNDING BONDS PAYABLE SCHEDULE
JUNE 30, 2008

| <u>DUE DATES</u> | <u>INTEREST RATES</u> | <u>REQUIREMENTS</u> | | |
|------------------|---------------------------|---------------------|---------------------|---------------------|
| | | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
| November 1, 2015 | | | 82,025 | 82,025 |
| May 1, 2016 | 5.00% | 310,000 | 82,025 | 392,025 |
| November 1, 2016 | | | 74,275 | 74,275 |
| May 1, 2017 | 5.00% | 315,000 | 74,275 | 389,275 |
| November 1, 2017 | | | 66,400 | 66,400 |
| May 1, 2018 | 4.00% | 315,000 | 66,400 | 381,400 |
| November 1, 2018 | | | 60,100 | 60,100 |
| May 1, 2019 | 4.00% | 310,000 | 60,100 | 370,100 |
| November 1, 2019 | | | 53,900 | 53,900 |
| May 1, 2020 | 4.00% | 310,000 | 53,900 | 363,900 |
| November 1, 2020 | | | 47,700 | 47,700 |
| May 1, 2021 | 4.00% | 310,000 | 47,700 | 357,700 |
| November 1, 2021 | | | 41,500 | 41,500 |
| May 1, 2022 | 4.00% | 335,000 | 41,500 | 376,500 |
| November 1, 2022 | | | 34,800 | 34,800 |
| May 1, 2023 | 4.00% | 355,000 | 34,800 | 389,800 |
| November 1, 2023 | | | 27,700 | 27,700 |
| May 1, 2024 | 4.00% | 350,000 | 27,700 | 377,700 |
| November 1, 2024 | | | 20,700 | 20,700 |
| May 1, 2025 | 4.00% | 350,000 | 20,700 | 370,700 |
| November 1, 2025 | | | 13,700 | 13,700 |
| May 1, 2026 | 4.00% | 345,000 | 13,700 | 358,700 |
| November 1, 2026 | | | 6,800 | 6,800 |
| May 1, 2027 | 4.00% | 340,000 | 6,800 | 346,800 |
| | | <u>\$ 5,030,000</u> | <u>\$ 2,512,550</u> | <u>\$ 7,542,550</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2003 REFUNDING BONDS PAYABLE SCHEDULE
JUNE 30, 2008

| | |
|--|--|
| <u>TITLE OF ISSUE</u> | 2003 Refunding Bonds |
| <u>PURPOSE</u> | The Bonds were issued for the purpose of refunding a portion of the School District's outstanding 1996 School Building and Site Bonds, dated April 1, 1996 |
| <u>DATE OF ISSUE</u> | May 22, 2003 |
| <u>INTEREST PAYABLE</u> | May 1, and November 1, of each year |
| <u>AMOUNT OF ISSUE</u> | \$ 3,920,000 |
| <u>AMOUNT REDEEMED</u> | |
| Prior to Current Year | \$ 650,000 |
| Current Year | <div style="display: flex; justify-content: space-between;"> 230,000 880,000 </div> |
| <u>BALANCE OUTSTANDING - June 30, 2008</u> | <u><u>\$ 3,040,000</u></u> |

| <u>DUE DATES</u> | <u>INTEREST RATES</u> | <u>REQUIREMENTS</u> | | |
|------------------|---------------------------|---------------------|-----------------|--------------|
| | | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
| November 1, 2008 | | | \$ 54,584 | \$ 54,584 |
| May 1, 2009 | 2.75% | \$ 250,000 | 54,584 | 304,584 |
| November 1, 2009 | | | 51,146 | 51,146 |
| May 1, 2010 | 3.00% | 250,000 | 51,146 | 301,146 |
| November 1, 2010 | | | 47,396 | 47,396 |
| May 1, 2011 | 3.25% | 245,000 | 47,396 | 292,396 |
| November 1, 2011 | | | 43,415 | 43,415 |
| May 1, 2012 | 3.35% | 245,000 | 43,415 | 288,415 |
| November 1, 2012 | | | 39,311 | 39,311 |
| May 1, 2013 | 3.45% | 240,000 | 39,311 | 279,311 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2003 REFUNDING BONDS PAYABLE SCHEDULE
JUNE 30, 2008

| <u>DUE DATES</u> | <u>INTEREST RATES</u> | <u>REQUIREMENTS</u> | | |
|------------------|---------------------------|---------------------|-------------------|---------------------|
| | | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
| November 1, 2013 | | | 35,171 | 35,171 |
| May 1, 2014 | 3.55% | 235,000 | 35,171 | 270,171 |
| November 1, 2014 | | | 31,000 | 31,000 |
| May 1, 2015 | 3.65% | 230,000 | 31,000 | 261,000 |
| November 1, 2015 | | | 26,803 | 26,803 |
| May 1, 2016 | 3.75% | 225,000 | 26,803 | 251,803 |
| November 1, 2016 | | | 22,584 | 22,584 |
| May 1, 2017 | 3.85% | 220,000 | 22,584 | 242,584 |
| November 1, 2017 | | | 18,349 | 18,349 |
| May 1, 2018 | 4.00% | 220,000 | 18,349 | 238,349 |
| November 1, 2018 | | | 13,949 | 13,949 |
| May 1, 2019 | 4.00% | 215,000 | 13,949 | 228,949 |
| November 1, 2019 | | | 9,649 | 9,649 |
| May 1, 2020 | 4.15% | 235,000 | 9,649 | 244,649 |
| November 1, 2020 | | | 4,773 | 4,773 |
| May 1, 2021 | 4.15% | 230,000 | 4,773 | 234,773 |
| | | <u>\$ 3,040,000</u> | <u>\$ 796,260</u> | <u>\$ 3,836,260</u> |

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

SELECTED STATISTICAL DATA

YEARS 1999 TO 2008

SOURCE: ANNUAL AUDITED STATEMENTS

| YEAR ENDED JUNE 30, | 2008 | 2007 | 2006 | 2005 |
|---|----------------|----------------|----------------|---------------|
| Taxable Value Homestead/ Non-Homestead | \$ 118,538,960 | \$ 111,888,304 | \$ 106,931,724 | \$ 99,841,960 |
| Taxable Value - Non-Homestead | 44,535,080 | 38,101,713 | 36,675,482 | 34,732,647 |
| Blended Student Count | 1,067 | 1,087 | 1,081 | 1,080 |
| Taxable Value (Non-Homestead) Per Student | 41,739 | 35,052 | 33,927 | 32,160 |
| Per Pupil Allowance | 7,204 | 7,085 | 6,875 | 6,700 |
| Mills Levied | | | | |
| Operations - Non-Homestead | 18.00 | 18.00 | 18.00 | 18.00 |
| Debt | 7.0 | 7.0 | 7.0 | 7.0 |
| Property Tax Revenues | | | | |
| Operations | 730,236 | 685,227 | 660,154 | 625,183 |
| Debt | 862,494 | 783,201 | 748,506 | 698,211 |
| State Membership Aid (Excluding Categorical) | 6,762,377 | 6,885,686 | 6,605,049 | 6,430,466 |
| Other General Fund Data | | | | |
| Total Fund Balance (Deficit) | 347,920 | (255,982) | (22,456) | 588,680 |
| Total Local Revenues | 776,162 | 756,224 | 753,452 | 674,429 |
| Total State Revenues | 7,443,913 | 7,497,042 | 7,070,544 | 6,894,818 |
| Total Expenditures | 7,952,733 | 8,628,080 | 8,962,236 | 7,730,896 |
| Long-Term Debt Data | | | | |
| Debt Outstanding at Year End | | | | |
| Serial Bonds | 8,627,751 | 9,007,751 | 9,272,751 | 9,622,751 |
| School Bond Loan Fund | 253,716 | 376,717 | 359,478 | 300,834 |
| Bus Contracts | 0 | 0 | 0 | 0 |
| Compensated Absences | 221,049 | 218,929 | 202,810 | 188,681 |
| Installment Notes | 373,200 | 408,129 | 222,461 | 0 |
| Contracts Payable - Early Retirement | 26,170 | 79,500 | 0 | 0 |
| Contracts Payable - Preschool | 0 | 0 | 0 | 0 |
| Contracts Payable - Other | 0 | 0 | 0 | 0 |
| Total Long-Term Debt | \$ 9,501,886 | \$ 10,091,026 | \$ 10,057,500 | \$ 10,112,266 |

| 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 92,263,068 | \$ 85,677,615 | \$ 79,479,676 | \$ 73,934,796 | \$ 70,597,718 | \$ 65,849,405 |
| 32,093,962 | 30,689,774 | 29,704,923 | 28,819,752 | 28,688,803 | 27,771,624 |
| 1,047 | 1,025 | 1,008 | 1,029 | 1,016 | 999 |
| 30,653 | 29,941 | 29,469 | 28,008 | 28,237 | 27,799 |
| 6,700 | 6,700 | 6,300 | 6,000 | 5,700 | 5,327 |
| 18.00 | 18.00 | 17.7120 | 18.00 | 18.00 | 17.8038 |
| 7.0 | 7.0 | 7.0 | 4.50 | 4.50 | 4.50 |
| 577,685 | 552,410 | 526,134 | 518,756 | 516,398 | 494,440 |
| 645,082 | 597,527 | 553,159 | 330,499 | 315,280 | 293,650 |
| 6,193,909 | 6,077,121 | 5,909,429 | 5,653,406 | 5,273,609 | 4,817,236 |
| 475,573 | 282,802 | 328,612 | 396,219 | 839,071 | 745,976 |
| 665,978 | 598,471 | 597,142 | 572,585 | 582,636 | 533,192 |
| 6,607,226 | 6,468,879 | 6,333,996 | 5,951,337 | 5,503,925 | 5,112,462 |
| 7,462,846 | 7,413,096 | 7,382,691 | 7,234,650 | 6,335,302 | 5,748,889 |
| 9,957,751 | 10,277,751 | 10,237,751 | 3,983,082 | 4,073,172 | 4,128,034 |
| 209,030 | 101,788 | 0 | 0 | 0 | 0 |
| 0 | 106,672 | 101,166 | 121,607 | 122,243 | 113,832 |
| 188,114 | 161,184 | 144,815 | 131,495 | 126,718 | 123,587 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 6,278 | 19,462 | 31,635 | 37,933 |
| 5,571 | 12,517 | 19,168 | 26,558 | 30,149 | 32,246 |
| 0 | 0 | 0 | 0 | 2,558 | 12,265 |
| \$ 10,360,466 | \$ 10,659,912 | \$ 10,509,178 | \$ 4,282,204 | \$ 4,386,475 | \$ 4,447,897 |

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

2003 AND 2007 REFUNDING BONDS CONTINUING DISCLOSURE
JUNE 30, 2008

PROPERTY VALUATIONS

In accordance with Act 539, Public Acts of Michigan, 1982, and Article IX, Section 3 of the Michigan Constitution, the ad valorem state equalized valuation represents 50% of true cash value. State equalized valuation does not include any value of tax exempt property (e.g. churches, governmental property) or property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended, or Act 255, Public Acts of Michigan, 1978, as amended. Beginning in 1995, ad valorem property taxes are assessed on the basis of taxable value, which is subject to assessment caps.

Taxable property in the School District is assessed by the local municipal assessors, and is subject to review by the County Equalization Department.

Historical Valuation

| | YEAR | TAXABLE VALUE | | YEAR | TAXABLE VALUE |
|---|------|------------------|--|------|------------------|
| * | 2007 | \$ 118,538,960 | | 2002 | \$ 85,677,612 |
| | 2006 | \$ 111,888,304 | | 2001 | \$ 79,479,676 |
| | 2005 | \$ 106,931,724 | | 2000 | \$ 73,934,796 |
| | 2004 | \$ 99,841,960 | | 1999 | \$ 70,597,718 |
| | 2003 | \$ 92,263,068 | | 1998 | \$ 65,849,405 |

* Approximately \$41,535,080 of the Taxable Value is classified as non- homestead property.

Source: Counties of Wexford, Missaukee and Grand Traverse.

Industrial Facilities Tax

Act 198 of the Public Acts of Michigan, 1974, as amended ("Act 198"), provides significant property tax incentives to industry to renovate and expand aging plants and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

2003 AND 2007 REFUNDING BONDS CONTINUING DISCLOSURE
JUNE 30, 2008

Property tax owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem taxes on the facility and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the state equalized valuation of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. New plants and equipment receiving their abatement certificate prior to January 1, 1994 are taxed at one-half the total mills levied by all taxing units, other than mills levied for local and intermediate school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993.

For new facility abatements granted after 1993, new plants and equipment are taxed at one-half of the new facility abatements granted after 1993, new plants and equipment are taxed at one-half of the total mills levied as ad valorem property taxes by all taxing units except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198.

The City of Manton has the following IFT abatements:

| | <u>EXPIRES</u> <u>12/31</u> | <u>AMOUNT</u> |
|--------------------------------|--------------------------------|------------------|
| Avon Rubber and Plastics, Inc. | 2016 | \$ 10,200 |
| Avon Rubber and Plastics, Inc. | 2017 | 335,600 |
| Avon Rubber and Plastics, Inc. | 2018 | <u>3,080,800</u> |
| | | \$ 3,426,600 |

Liberty Township has the following IFT Abatements:

| | | |
|--------------------------|------|----------------------------|
| Reith-Riley Construction | 2010 | <u>632,400</u> |
| TOTAL | | <u><u>\$ 4,059,000</u></u> |

Source: Wexford County Equalization Department

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

2003 AND 2007 REFUNDING BONDS CONTINUING DISCLOSURE
JUNE 30, 2008

MAJOR TAXPAYERS

The top ten taxpayers in the School District and their 2007 ad valorem taxable value are as follows:

| <u>TAXPAYER</u> | <u>PRODUCT/SERVICE</u> | <u>TAXABLE VALUE</u> |
|------------------------------------|-------------------------|----------------------------|
| Cadillac Rubber and Plastics, Inc. | Manufacturer | \$ 2,934,772 |
| Consumers Energy | Utility Services | 2,431,965 |
| Manton Golf Association | Golf Course | 1,656,647 |
| Reith-Reily Construction | Asphalt Paving | 877,325 |
| Michcon Gathering Company | Utility Services | 515,035 |
| Citizens Bank | Financial | 339,900 |
| Dutchman Properties, LLC | Christmas Trees | 331,714 |
| Avon Rubber and Plastics, Inc. | Manufacturer | 316,200 |
| Peterson and Schafer | Developer /Apt. Complex | 279,820 |
| Indian Lakes LLC | Commerical | 275,593 |
| TOTAL | | <u><u>\$ 9,958,971</u></u> |

The Taxable Values of the above taxpayers represent 8.40% of the School District's 2007 Taxable Value of \$118,538,960.

Source: Wexford, Missaukee and Grand Traverse County Departments of Equalization.

TAX RATES (Per \$1,000 of Valuation)

Under Michigan statutes, the property tax base used for levies authorized for school districts is the same as that used for county, township, special authority, and city levies. Each school district, county, township, special authority and city has a geographical definition that constitutes a tax district. Since local school districts and the county overlap either a township or a city, and intermediate school districts overlap local school districts and county boundaries, the result is many different tax rate districts.

School District Tax Rates

| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <u>Manton Consolidated Schools</u> | | | | | |
| Voted | 18.000 | 18.000 | 18.000 | 18.000 | 18.000 |
| Debt | <u>7.000</u> | <u>7.000</u> | <u>7.000</u> | <u>7.000</u> | <u>7.000</u> |
| TOTAL NON-HOMESTEAD | <u>25.000</u> | <u>25.000</u> | <u>25.000</u> | <u>25.000</u> | <u>25.000</u> |
| TOTAL HOMESTEAD | <u>7.000</u> | <u>7.000</u> | <u>7.000</u> | <u>7.000</u> | <u>7.000</u> |

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

2003 AND 2007 REFUNDING BONDS CONTINUING DISCLOSURE
JUNE 30, 2008

Other Tax Rates

| | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| State Education Fund * | 6.00 | 6.0000 | 6.0000 | 5.0000 | 6.0000 |
| Wexford County | 10.3558 | 10.3558 | 10.1331 | 10.1620 | 10.1655 |
| City of Manton | 18.00 | 18.0000 | 18.0000 | 18.0000 | 18.0000 |
| Wexford -Missaukee I/S/D | 5.9419 | 5.9419 | 5.9614 | 5.9853 | 6.0003 |

- * Pursuant to a ballot proposal approved by the electors of the State of Michigan on March 15, 1994, beginning with the December 1, 1994, tax levy, the State of Michigan levied 6.00 mills (5.00 mills for 2004) for school operating purposes on all homestead and non-homestead property located within the School District. The School District levies 18.0000 mills of voted operating millage on non-homestead property and authorized debt millage on all homestead and non-homestead property located with the School District.

Source: Wexford County Equalization Department.

STATE AID PAYMENTS

Historically, the School District levied taxes for school operating revenues at much higher rates than currently being levied. In 1994, the State of Michigan significantly modified the mechanisms for school finance. Pursuant to this reform, in the 1994/95 fiscal year, the School District received a state aid foundation allowance of \$4,400 per pupil, which allowance was calculated based on the School District's 1994/1995 revenues. The 2007/2008 state aid foundation allowance is \$7,204 per pupil. In future years, this allowance will be increased by an index based upon the change in revenue to the state school aid fund and the change in the total number of pupils statewide.

The following table shows the School District's total state aid collections, for the past eight years:

| | |
|-----------|--------------|
| 2007-2008 | \$ 7,427,084 |
| 2006/2007 | \$ 7,473,497 |
| 2005/2006 | \$ 7,034,167 |
| 2004/2005 | \$ 6,852,118 |
| 2003/2004 | \$ 6,607,226 |
| 2002/2003 | \$ 6,468,879 |
| 2001/2002 | \$ 6,333,996 |
| 2000/2001 | \$ 5,951,337 |

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

2003 AND 2007 REFUNDING BONDS CONTINUING DISCLOSURE
JUNE 30, 2008

TAX LEVIES AND COLLECTIONS

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due December 1 of each fiscal year and are payable without interest or penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurers for collection. Wexford, Missaukee and Grand Traverse Counties annually pay from their Tax Revolving Funds delinquent taxes on real property to all taxing units in the Counties, including the School District, shortly after the date delinquent taxes are returned to the County Treasurers for collection. The payments from these funds have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible.

A history of tax levies and collections for the School District is as follows:

| YEAR | OPERATING TAX LEVY | COLLECTIONS TO MARCH 1, EACH YEAR | | COLLECTIONS TO JUNE 30 EACH YEAR | |
|------|-----------------------|--------------------------------------|--------|-------------------------------------|--------|
| 2007 | \$ 730,236 | \$ 598,315 | 81.93% | \$ 729,701 | 99.93% |
| 2006 | \$ 685,227 | \$ 573,691 | 83.72% | \$ 684,017 | 99.82% |
| 2005 | \$ 660,154 | \$ 551,463 | 83.54% | \$ 659,079 | 99.84% |
| 2004 | \$ 625,183 | \$ 534,679 | 85.52% | \$ 623,459 | 99.72% |
| 2003 | \$ 577,685 | \$ 487,038 | 84.31% | \$ 575,433 | 99.61% |
| 2002 | \$ 552,410 | \$ 487,587 | 83.18% | \$ 552,254 | 99.97% |
| 2001 | \$ 526,134 | \$ 437,592 | 83.18% | \$ 513,183 | 97.54% |
| 2000 | \$ 518,756 | \$ 431,808 | 83.24% | \$ 516,336 | 99.53% |
| 1999 | \$ 516,398 | \$ 436,790 | 84.58% | \$ 516,242 | 99.97% |
| 1998 | \$ 494,440 | \$ 396,971 | 80.28% | \$ 494,344 | 99.98% |

Source: School District

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

2003 AND 2007 REFUNDING BONDS CONTINUING DISCLOSURE
JUNE 30, 2008

The Tax Revolving Funds are financed through the issuance of Delinquent Tax Anticipation Notes (DTANs). Although the Counties anticipate the continuance of these programs, the ability to issue such DTANs is subject to Michigan Department of Treasury approval and market conditions at the time of offering. In addition, Act 206 of 1893, as amended, provided in part that: "The primary obligation to pay to the county the amount of taxes and interest thereon shall rest with the local taxing units, and if the delinquent taxes which are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit to recover the amount thereof and interest thereon..." On the first Tuesday in May in each year, tax sales are held by the Counties at which lands delinquent for taxes assessed in the second year, preceding the sale, or in a prior year are sold for the total of the unpaid taxes of those years.

LABOR FORCE

A breakdown of the number of employees of Manton Consolidated Schools and their affiliation with organized groups is as follows:

| EMPLOYEES | NUMBER | BARGAINING UNIT | CONTRACT EXPIRATION |
|-----------------------|-----------|------------------------------|------------------------|
| Administrators | 5 | Non-Affiliated | N/A |
| Counselors | 2 | Manton Education Association | 2008 |
| Fiscal Services | 2 | Non-Affiliated | N/A |
| Teachers | 56 | Manton Education Association | 2008 |
| Technology | 1 | Non-Affiliated | N/A |
| Secretaries | 3 | Manton Educational Support | 2008 |
| Secretaries | 1 | Non-Affiliated | N/A |
| Aides | 11 | Personnel Association | 2008 |
| Maintenance/Custodial | 5 | Personnel Association | 2008 |
| Transportation | 9 | Personnel Association | 2008 |
| Food Service | 3 | Personnel Association | 2008 |
| TOTAL STAFF | <u>98</u> | | |

The school District has not experienced a strike by any of its bargaining units within the past ten years.

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

2003 AND 2007 REFUNDING BONDS CONTINUING DISCLOSURE
JUNE 30, 2008

PENSION FUND

For the period from October 1, 1997 through September 30, 1998, the School District paid an amount equal to 11.12% of its employees' wages to the Michigan Public School Employees Retirement System ("MPERS") which is administered by the State of Michigan. For the period from October 1, 1999 through September 30, 2000, the applicable percentage is 11.66%. For the period October 1, 2000, through September 30, 2001, the applicable percentage is 12.16%. For the period October 1, 2001 through September 30, 2002, the applicable percentage is 12.17%. For the period October 1, 2002 through September 30, 2004, the applicable percentage is 12.99%. For the period October 1, 2004 through September 30, 2005, the applicable percentage is 14.87%. For the period October 1, 2005 through September 30, 2006, the applicable percentage is 16.34%. For the periods October 1, 2006 through September 30, 2007, the applicable percentage is 17.74%. These contributions are required by law. The School District's contributions for the past five years are shown below. The School District does not have an unfunded accrued liability under MPERS.

For October 2007 to September 2008 the applicable percentage is 16.72%.

| YEAR ENDING JUNE 30 | PAID TO PENSION FUND |
|------------------------|-------------------------|
| 2008 | \$724,280 |
| 2007 | \$852,025 |
| 2006 | \$798,617 |
| 2005 | \$660,984 |
| 2004 | \$562,510 |

Effective January 1, 1987, members of MPERS may irrevocably elect to contribute a percentage of their gross wages on a tax deferred basis to a "member investment plan" ("MIP") which qualifies them for additional benefits. The current contribution rate of 3.9% became effective January 1, 1990, representing a change from the previous contribution rate of 4%. This option to review and adjust the contribution rate is available to MPERS members, if necessary, every three years. All employees hired after January 1, 1990 will contribute to the plan at a graduated rate of their gross wages. If a member leaves MPERS service before a retirement benefit has vested, the member's accumulated contributions to MIP, plus interest, if any, are refundable.

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

2003 AND 2007 REFUNDING BONDS CONTINUING DISCLOSURE
JUNE 30, 2008

DEBT STATEMENT (As of June 30, 2008 and including the Bonds described herein)

| DIRECT BONDED DEBT | | | | |
|------------------------|------------------------|------------------|------------------------|---------------------------|
| ISSUED | PURPOSE | TYPE | MATURITIES OUTSTANDING | |
| 11/15/98 | Durant Settlement | Self Liquidating | 5-1-00/2013 | 37,751 |
| 11/14/01 | Building and Site | UTQ | 5-1-02/2011 | 520,000 |
| 04/03/07 | Refinancing 2001 Issue | UTQ | 5-1-07/2027 | 5,030,000 |
| 10/21/02 | Bond Loan Fund | | Unknown | 253,716 |
| 05/22/03 | Refinancing 1996 Issue | UTQ | 5-1-03/2021 | <u>3,040,000</u> |
| NET DIRECT BONDED DEBT | | | | <u><u>\$8,881,467</u></u> |

Source: School District

MANTON CONSOLIDATED SCHOOLS
MANTON , MICHIGAN

2003 AND 2007 REFUNDING BONDS CONTINUING DISCLOSURE
JUNE 30, 2008

SCHOOL ENROLLMENT

Historical enrollment for the School District (Blended February and September Count Dates) is as follows:

| SCHOOL YEAR | ENROLLMENT | SCHOOL YEAR | ENROLLMENT |
|----------------|------------|----------------|------------|
| 2007/08 | 1,067 | 2002/03 | 1,025 |
| 2006/07 | 1,087 | 2001/02 | 1,008 |
| 2005/06 | 1,081 | 2000/01 | 1,029 |
| 2004/05 | 1,080 | 1999/00 | 1,016 |
| 2003/04 | 1,047 | 1998/99 | 999 |

Enrollment by grades - 2007/08 (Blended Pupil Count) is as follows

| | | | |
|--------------|----|-----------------------|---------------------|
| Kindergarten | 82 | Eighth | 96 |
| First | 82 | Ninth | 88 |
| Second | 70 | Tenth | 78 |
| Third | 69 | Eleventh | 78 |
| Fourth | 72 | Twelfth | 64 |
| Fifth | 80 | Special Education | 33 |
| Sixth | 82 | Alternative Education | 0 |
| Seventh | 93 | | |
| | | TOTAL | <u><u>1,067</u></u> |

Projected enrollment - five years hence - 2011/12 = 986

Source: School District

GENERAL FUND BUDGET SUMMARY

See Pages 33 and 34

MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

SINGLE AUDIT

JUNE 30, 2008

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2008

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
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October 7, 2008

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Manton Consolidated Schools
Manton, Michigan

COMPLIANCE

We have audited the compliance of Manton Consolidated Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Manton Consolidated Schools major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Manton Consolidated Schools' management. Our responsibility is to express an opinion on Manton Consolidated Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Manton Consolidated Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Manton Consolidated Schools' compliance with those requirements.

In our opinion, Manton Consolidated Schools complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

INTERNAL CONTROL OVER COMPLIANCE

The management of Manton Consolidated Schools' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Manton Consolidated Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manton Consolidated Schools, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 7, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Manton Consolidated Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

| FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER | FEDERAL CFDA NUMBER | APPROVED GRANT AWARD AMOUNT | INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2007 | (MEMO ONLY) PRIOR YEAR EXPENDITURES | (A) CURRENT YEAR EXPENDITURES | CURRENT YEAR RECEIPTS (CASH BASIS) | INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2008 | ADJUSTMENTS |
|--|---------------------------|-----------------------------------|--|---|-------------------------------------|--|---|-------------|
| U.S. Department of Education | | | | | | | | |
| Passed Through Michigan Department of Education (M.D.E.) | | | | | | | | |
| Title I Part A Improving Basic Programs | | | | | | | | |
| Project No. 071530-0607 | 84.010 | \$ 206,842 | \$ 51,711 | \$ 206,842 | \$ 0 | \$ 51,711 | \$ 0 | \$ 0 |
| Project No. 081530-0708 | 84.010 | 230,658 | 0 | 0 | 228,943 | 120,960 | 107,983 | 0 |
| Total | 84.010 | 437,500 | 51,711 | 206,842 | 228,943 | 172,671 | 107,983 | 0 |
| Title II Part A Improving Teacher Quality | | | | | | | | |
| Project No. 070520-0607 | 84.367 | 67,301 | 16,825 | 67,301 | 0 | 16,825 | 0 | 0 |
| Project No. 080520-0708 | 84.367 | 67,812 | 0 | 0 | 61,703 | 35,160 | 26,543 | 0 |
| Total | 84.367 | 135,113 | 16,825 | 67,301 | 61,703 | 51,985 | 26,543 | 0 |
| Title II Part D Technology Literacy Challenge Grants | | | | | | | | |
| Project No. 084290-0708 | 84.318 | 2,165 | 0 | 0 | 852 | 172 | 680 | 0 |
| Title V Part A Innovative Programs | | | | | | | | |
| Project No. 070250-0607 | 84.298 | 1,799 | 450 | 1,799 | 0 | 450 | 0 | 0 |
| Project No. 080250-0708 | 84.298 | 2,188 | 0 | 0 | 1,265 | 569 | 696 | 0 |
| Total | 84.298 | 3,987 | 450 | 1,799 | 1,265 | 1,019 | 696 | 0 |
| Safe and Drug Free Schools and Communities Act | | | | | | | | |
| Project No. 082860-0708 | 84.186 | 5,341 | 0 | 0 | 3,662 | 2,136 | 1,526 | 0 |
| Service Provider Self Review | | | | | | | | |
| Project No. 080440-0708 | 84.027 | 4,000 | 0 | 0 | 4,000 | 2,000 | 2,000 | 0 |
| Total U.S. Department of Education | | 588,106 | 68,986 | 275,942 | 300,425 | 229,983 | 139,428 | 0 |
| U.S. Department of Health and Human Services | | | | | | | | |
| Passed Through Wexford-Missaukee Intermediate School District (I.S.D.) | | | | | | | | |
| Medicaid Outreach | | | | | | | | |
| Project No. None | 93.778 | 4,821 | 0 | 0 | 4,821 | 4,821 | 0 | 0 |
| Total U.S. Department of Health and Human Services | | 4,821 | 0 | 0 | 4,821 | 4,821 | 0 | 0 |
| U.S. Department of Agriculture | | | | | | | | |
| Passed Through Michigan Department of Education | | | | | | | | |
| Child Nutrition Cluster | | | | | | | | |
| National School Lunch | | | | | | | | |
| Section 4 - Total Servings - 071950-081950 | 10.555 | 29,937 | 0 | 0 | 29,937 | 28,729 | 1,208 | 0 |
| Section 11 - Total Servings - 071960-081960 | 10.555 | 188,502 | 0 | 0 | 188,502 | 180,959 | 7,543 | 0 |
| Snacks - 081980 | 10.555 | 2,757 | 0 | 0 | 2,757 | 2,647 | 110 | 0 |
| Total | 10.555 | 221,196 | 0 | 0 | 221,196 | 212,335 | 8,861 | 0 |
| National School Lunch Breakfast Program | | | | | | | | |
| 071970-081970 | 10.553 | 47,814 | 0 | 0 | 47,814 | 45,549 | 2,265 | 0 |
| Total Child Nutrition Cluster | | 269,010 | 0 | 0 | 269,010 | 257,884 | 11,126 | 0 |
| Food Distribution | | | | | | | | |
| Entitlement Commodities | 10.550 | 16,786 | 0 | 0 | 16,786 | 16,786 | 0 | 0 |
| Bonus Commodities | 10.550 | 1,142 | 0 | 0 | 1,142 | 1,142 | 0 | 0 |
| Total | 10.550 | 17,928 | 0 | 0 | 17,928 | 17,928 | 0 | 0 |
| Total U.S. Department of Agriculture | | 286,938 | 0 | 0 | 286,938 | 275,812 | 11,126 | 0 |
| Total Federal Financial Assistance | | \$ 879,865 | \$ 68,986 | \$ 275,942 | \$ 592,184 (C) | \$ 510,616 (B) | \$ 150,554 | \$ 0 |

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district. The significant accounting policies used are described on footnote (1) to the June 30, 2008, basic financial statements.

(B) Reconciliation of Grant Section Auditor's Report with Schedule of Expenditures of Federal Awards

Management has utilized the CMS Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

| | |
|---|------------|
| Current Cash Payments per CMS Report Dated July 12, 2008 | \$ 362,568 |
| Current Cash Payments per Grants Section Auditors Report Dated July 8, 2008 | 257,883 |

Add Items Not on CMS Report:

Amounts Received as Pass Through from

Intermediate School District

| | |
|-------------------|----------|
| Medicaid Outreach | \$ 4,821 |
|-------------------|----------|

Amounts Received as Payments in Kind

Food Distribution Program

| | |
|-------------------------|--------|
| Entitlement Commodities | 16,786 |
|-------------------------|--------|

| | | |
|-------------------|--------------|--------|
| Bonus Commodities | <u>1,142</u> | 22,749 |
|-------------------|--------------|--------|

Less Items Reported in Error on CMS Report:

| | |
|--|-----------|
| 6/26/08 Grant Request Received After 6/30/08 | (114,313) |
|--|-----------|

Amounts Received During Prior Years

| | |
|-----------------------------|---------|
| Title II Part D 054290-0405 | (5,796) |
|-----------------------------|---------|

| | |
|----------------------------|---------|
| Title V Part A 050250-0405 | (5,508) |
|----------------------------|---------|

| | |
|--|---------|
| Safe and Drug Free Schools 052860-0506 | (2,247) |
|--|---------|

| | | |
|--|----------------|------------------|
| Safe and Drug Free Schools 052860-0405 | <u>(4,720)</u> | <u>(132,584)</u> |
|--|----------------|------------------|

Current Year Receipts (Cash Basis) per

| | |
|--|--------------------------|
| Schedule of Expenditures of Federal Awards | <u><u>\$ 510,616</u></u> |
|--|--------------------------|

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(C) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

| | |
|---|-------------------|
| Revenues from Federal Sources - per Basic Financial Statements (Page 5) | <u>\$ 592,184</u> |
| Federal Expenditures per Schedule of Expenditures of Federal Awards | <u>\$ 592,184</u> |

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
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October 7, 2008

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Manton Consolidated Schools
Manton, Michigan

We have audited the financial statements of Manton Consolidated Schools as of and for the year ended June 30, 2008, and have issued our report thereon dated October 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Manton Consolidated Schools, Manton, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Manton Consolidated School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Manton Consolidated School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the district's financial statements that is more than inconsequential will not be prevented or detected by the district's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (Item B) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the district's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Manton Consolidated Schools, Manton, Michigan financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Manton Consolidated School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, others within the district, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Finding 2007-1 (from the 2006/2007 fiscal year)

The District has a limited number of people involved in the accounting function due to financial constraints in allocating resources to this activity. This condition hampers the ability of the District to adequately segregate duties to enhance internal control.

The District is aware of this limitation and continues to explore cost effective measures to improve this internal control limitation.

This finding is repeated for the current fiscal year.

Finding 2007-2 (from the 2006/2007 fiscal year)

The District lacks internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP).

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

This finding is repeated for the current fiscal year.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

A. Summary of Auditors' Results
Financial Statements

| | | |
|--|----------------------|---------------------|
| Type of auditors' report issued: | Unqualified | |
| Significant Deficiencie(s) identified: | <u> X </u> Yes | <u> </u> No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | <u> X </u> Yes | <u> </u> No |
| Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

| | | |
|--|---------------------|---------------------|
| Internal control over major programs: | | |
| Significant Deficiencie(s) identified: | <u> </u> Yes | <u> X </u> No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | <u> </u> Yes | <u> X </u> No |

| | | |
|--|---------------------|---------------------|
| Type of auditors' report issued on compliance for major programs: | Unqualified | |
| Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? | <u> </u> Yes | <u> X </u> No |

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.010 | Title I Part A - Improving Basic Programs |

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
|--|-----------|

| | | |
|--|----------------------|--------------------|
| Auditee qualified as low-risk auditee? | <u> X </u> Yes | <u> </u> No |
|--|----------------------|--------------------|

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

B. Findings – Basic Financial Statements Audit

1) Lack of Adequate Internal Controls

Management is responsible for establishing and maintaining internal controls for the district.

At many small school districts, proper segregation of duties within the accounting department is a challenge for management. The District currently does not have effective segregation of duties within the accounting department.

This condition was caused by limited personnel involved in the accounting functions.

The District is aware of this limitation, and is in the process of evaluating and implementing new controls to correct or mitigate this situation in the future.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

No findings or questioned costs.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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October 7, 2008

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Education
Manton Consolidated Schools
Manton, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manton Consolidated Schools for the year ended June 30, 2008, and have issued our report thereon dated October 7, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated July 16, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Manton Consolidated Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of Manton Consolidated School's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Manton Consolidated Schools are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed several adjusting journal entries which were reviewed and accepted by management. No material misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 7, 2008.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit of the basic financial statements of Manton Consolidated Schools for the year ended June 30, 2008, we noted the following list of items which we feel deserve comment:

Continuing Disclosure Requirements

Regulations relative to the bond issue refunding in 2003 and 2007 require that the District provide annual continuing disclosure information to the bondholders until all of the bonds are paid in full. These disclosures can be included as supplemental information with the audit report or the school can provide this information separate from the audit. In the past, we have included the data right in the audit report and have accumulated this data with the assistance of your accounting staff and the county equalization departments so that the disclosure requirements are met. We have discussed this with the administration and will currently continue to include this data in your annual audit.

Single Audit Report

The Manton Consolidated Schools received over \$500,000 in federal funds and, therefore, are required to have a "Single Audit" in accordance with various federal and state guidelines. We will be completing the required Single Audit and will issue our reports thereon under a separate cover from your regular annual financial statements.

Lack of Adequate Internal Controls Over Decentralized Cash Collections

Management is responsible for establishing and maintaining internal controls over cash for the district.

At many school districts, internal controls over decentralized cash collections present a challenge for management. The District currently does not have entirely effective controls in place related to decentralized cash collections.

This condition was caused by limited personnel involved in the process and a lack of documentation related to the cash collection process.

The effect of this condition is that an environment is created in which the potential exists for cash collections to not be deposited into the District's bank accounts and go undetected in the financial recordkeeping process.

The District is aware of this limitation, and is in the process of evaluating and implementing controls to correct or mitigate this situation in the future.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.